

# The Creation of Trust in International Strategic Alliances

**Yannis A. Hajidimitriou**

Associate Professor, Department of Business Administration,  
University of Macedonia, Thessaloniki, Greece  
e-mail: [hajidim@uom.gr](mailto:hajidim@uom.gr)

**Nikolaos S. Sklavounos**

PhD Candidate, Department of Business Administration,  
University of Macedonia, Thessaloniki, Greece  
e-mail: [sklavou@uom.gr](mailto:sklavou@uom.gr)

## **Abstract**

*The increasing number of international publications in recent years has indubitably revealed the significance of trust between alliance partners and its importance for the success of International Strategic Alliances (ISAs). In this paper we aim to describe with distinctness the creation and building of trust in ISAs and thus, set the foundations for our future research where we intend to examine the importance of trust in international joint ventures that include Greek business partners. We attempt to elucidate the multidimensional concept of trust and to emphasize its significant role for the success of ISAs, by systematically examining the various mechanisms through which trust may be created and strengthened between alliance partners. Furthermore, we stress some important features of alliance management which are noteworthy from the standpoint of building trust. In order to explain the procedure of creation and development of trust, we also present some contemporary and distinguished examples of trust creation from the relevant international literature. Finally, we present the conclusions and some suggestions for further research.*

**Keywords:** trust, international strategic alliances (ISAs), international joint ventures (IJVs)

## **Introduction**

In recent years international strategic alliances (ISAs) have swept powerfully onto the global business landscape. Furthermore, in successful ISAs trust plays a dominant role. In fact, trust is often touted as a prerequisite, a necessity, an absolute must (Byrne, 1993) for the success of the ISA. The reverse is also true: a major contributor to failed alliances is lack of trust (Peng & Shenkar, 1997). International or Global Strategic Alliances are interfirm cooperation agreements for which a combined innovative activity or an exchange of technology is at least part of the agreement. The strategic character of the agreement relates to the expected long - term effects of the agreement on the product - market positioning of at least one of the partners (Hagedoorn, 1993). An alliance is considered international when at least one of the partner - firms originates from a country different than the one that the alliance determines as a target market (Hajidimitriou, 2003).

## **Trust building in International Strategic Alliances**

Conceptually and methodologically, trust is a complex subject area. As a result of this complexity, numerous definitions of trust have

been proposed in the literature, each focusing on particular aspects of a relationship (Hajidimitriou & Sklavounos, 2006). According to Sabel (1993), "trust is the mutual confidence that no party to an exchange will exploit another's vulnerabilities". Moreover, "trust is the willingness of a party to be vulnerable to the actions of another party based on the expectation that the other will perform a particular action important to the trustor, irrespective of the ability to monitor or control that other party" (Mayer et al., 1995).

In the 1960's, major corporations like General Motors, IBM and 3M prided themselves on doing things in - house and their annual reports often contained explicit references to not reaching out to other companies. Ford, for example, in its initial alliances tended to be strongly top - down, with a rigid hierarchy and with U.S. nationals in - charge of most overseas divisions. A Ford decision was final and was not explained even when the other party was not satisfied. Today Ford is more flexible, with easier teamwork and major foreign offices are headed by foreign nationals. Nowadays, Ford explains more and listens more (Lewis, 1990). In general, we are entering a new era in which cooperation and competition often coexists between alliance partners. In such environment understanding and managing the "softer" side of collaborative relationships becomes crucial (Parkhe, 1998). According to Zucker (1986) there are three primary trust - building factors: process - based, characteristic - based and institutional - based trust. Each one of these factors is, to some degree, within management's control and therefore merits attention during the design and implementation stages of an alliance.

#### **Process - based trust creation**

Consistency of past behaviours tends to generate expectations of predictability. Thus, consistent, reliable expectations tend to produce an impression of trustworthiness. This kind of impression is further strengthened if both parties to an alliance anticipate a mutually beneficial relationship extending well into the foreseeable future and trust can develop from the alliancing process itself. Furthermore, trust can be considered as at once forward - looking (tied to expectations of a continuing, mutually productive future relationship) and backward - looking (tied to a reassuring past history of cooperation or a company's reputation). In ISAs managers attempt to match observed (actual) behaviours against expected (cooperative) behaviours. The better this match, the more confident one becomes in placing trust in a partner. Trust is usually hard and slow to build up, yet is easy and fast to tear down. Lewis (1990) describes this process as follows:

People learn differently from negative and positive experiences. Just one unpleasant incident...imprints the event on your memory. Like touching a hot stove, you keep your distance after that. A good experience, by contrast, must be repeatedly reinforced before people accept the pattern (Lewis, 1990).

Alliance managers can put knowledge of this asymmetry to good use. First, the case of trust destruction is reminiscent of a cardinal rule taught to freshman medical students: Do no harm. It is important for a physician to contain damage before he or she can attempt healing and recovery. Likewise, managers attempting to build trust must first prevent trust erosion, particularly in youthful alliances where trust is only beginning to emerge. Trust is brittle, and once damaged, it is twice as difficult to re-establish. Knowing this

should help focus attention, especially in the critical early stages of a relationship, on avoiding surprises, being trustworthy and being known to be trustworthy (Parkhe, 1998).

Next managers must actively employ the principle of "repeated reinforcement of positive experiences" to nurture trust. Therefore, in their ongoing interactions, alliance partners should install formal and informal channels of communication that improve behaviour transparency. The goal is two-fold: one to ensure that each partner knows of the other's alliance - related actions on a timely basis, so that each company may make inferences about the other side's ability and willingness to uphold the letter and spirit of the alliance, and two, to minimize surprises and to resolve behavioural discrepancies quickly and amicably. Over time, sustained attention to such measures may lead to tighter personal bonds between alliance managers, improving the "sociopsychological filter" through which information regarding an alliance and alliance partner is processed (Lewis, 1990).

Such process - based trust development often has spill over benefits well beyond the immediate alliance at hand, to the relationship as a whole. One key requirement for such mutual comfort to arise is sustained involvement at all phases of an alliance by people at the operational, planning and senior management levels. Yet this is often not done. One study of alliances found that senior management involvement declines precipitously with time. The study, conducted by Coopers & Lybrand (an accounting and consulting firm) and Yankelovich, Skelley and White (an opinion research firm), showed that 46% of senior management time allocated to alliances goes into the conceptual phase of developing an alliance. This figure drops to 23% during development of the business plan, and shrivels to just 9% by the time a management system for a new alliance is being structured. The consequences of senior management inattention are clearly shown by the unhappy marriage of General Motors and Isuzu. When Isuzu, in 1992, posted a \$381 million pre - tax loss on sales of \$9.02 billion, GM's vice president for Asian and Pacific operations, Thomas S. McDaniel, conceded: "We found ourselves not very knowledgeable about the problems and how Isuzu got into them". Surprisingly, such senior management indifference reached all the way to the top of GM hierarchy, where officials couldn't even correctly pronounce the name of the company with whom GM had shared a 21 - year of alliance history (Miller & Treece, 1992).

Often, however, a company has little direct prior experience with an alliance partner. Trust may still develop in such relationships based not on direct interactions, but rather on a partner's reputation. A reputation represents a cumulative record of past behaviours and by extrapolating a past record into the future, third parties can make vicarious inferences about likely future behaviour of an alliance partner. The better a company's past record, the stronger its reputation. Quite literally, a good reputation is becoming one of the greatest assets a company can possess. Like other valuable assets, a reputation requires deliberate, upfront investments. The keys to a successful cooperative strategy are to be nice (never being the first to cheat) and to be provokable (always swiftly taking reprisals against partners who cheat) (Axelrod, 1984).

Still, apart from the reputation, companies must run the "chemistry test" on each prospective partner. William Norris, founder of Control Data and a pioneer in using cooperative international ventures, was told by cynics that a proposed joint venture with the Romanian

government would bleed Control Data of its computer peripherals technology, and that the Romanians would quickly dump the venture. Norris decided to go on a fishing trip with the prospective partners on the Danube, where he became convinced that these people were straightforward and signed the agreement, which turned out to be mutually profitable (Lynch, 1989). Another trust - producing mechanism that lies within management's control deals with maintaining expectations of a continuing, mutually productive relationship over the foreseeable future. Such expectations of profits in the future tend to promote cooperative behaviour in the present. In other words, the future casts a shadow back upon the present, generating trustful behaviour. Long time horizons, frequent interactions, and high behaviour transparency are factors that alliance managers can influence in order to lengthen the shadow of the future and enhance process - based trust (Parkhe, 1998).

#### **Characteristic - based trust creation**

ISAs press into contact companies that may be quite dissimilar in their background characteristics. Two of such characteristics are societal cultures of headquarters countries and corporate cultures of partner firms (Parkhe, 1991). The greater the similarity of societal and corporate cultures, the greater may be the knowledge of and familiarity with each other's modes of thinking and behaving, hence the greater the comfort level and the lower the learning cost and time. Conversely, building trust may be harder when cultures are highly dissimilar, since homogeneous expectations and shared assumptions about the alliance may not exist as readily. Building trust is harder, but not impossible. It is important to realize that with sufficient investment of time and effort, the obstacles to trust - creation imposed by differences in characteristics can be effectively managed. For example, we've all heard the following stereotypes: cryptic British reserve, irreverent American informality, Italian chaos, French protocol, German rigidity, Japanese vagueness, Latin American disregard for punctuality. Valid or not, such stereotypes emphasize the need to look for and understand differences in perception and interpretation of phenomena. Trust generation is possible both where cultural similarity already exists between partners and also where deliberate efforts are undertaken to understand and overcome differences (Lewis, 1990).

Quite a few companies worldwide have organised intercultural awareness training programmes for their managers. At Japan's NEC, for example, managers going abroad get elaborate training in Western customs. This includes differences between Japanese and American decision making, several periods of simulated negotiations with non - Japanese and a course in English conversation so intense that teachers are replaced every few days. Even Western social etiquette is covered (table manners, cocktail party conversations and English - language jokes). The point of these programs is to move from culture shock to culture empathy, so managers understand how their views are coloured by their background, how their behaviour can impact cross-cultural dealings and how to recognize cultural influences in others' conduct. In an empirical study, Johnson et al. (1997) found that partner cultural sensitivity is an important contributor to trust - building for both U.S. and Japanese alliance partners.

#### **Institutional - based trust creation**

Both process - based and characteristic - based trust require detailed, specific, non - transferable information regarding a

partner. But there are some cases where such information is not available or some fast - changing situations where any available information is soon outdated. In this kind of situations, there is a third way that relies for generation of trust upon formal mechanisms. The more assured a company feels that its alliance partner will follow through on its promises, the more trustworthy the partner will be, by definition. Greater assurance of cooperative behaviour can be achieved by structuring an alliance relationship so that the attractiveness of cheating is reduced, the cost of cheating is increased and the gains from cooperation are increased (Parkhe, 1998).

Two types of mechanisms are available in order to bring greater assurance of cooperative behaviour between alliance partners. The first mechanism, seeking to prevent wrongdoing before its occurrence, requires a show of good faith by both sides. Each company can take actions that "lock" it into the alliance and create costly obstacles (exit barriers) to casually abandoning the relationship. Companies can show good faith through a variety of such upfront commitments, including entering into reciprocal agreements (e.g., guaranteed purchase of each other's products and services at guaranteed prices) and making nonrecoverable investments. The latter include specific physical assets like plant and equipment, but go further and also include site specificity, human asset specificity, and dedicated assets. The second mechanism seeks to promote cooperative behaviour by reducing potential gains from cheating through prospective punishments after the fact. Opportunism can be deterred through contractual safeguards or legal stipulations in the partnership agreement that inflict penalties for omission of cooperative behaviours or commission of violative behaviours. Such measures attempt to produce clearer expectations and fewer surprises and thus increase the level of confidence in each other's likely behaviour (Williamson, 1985).

Another institutional - based mechanism designed to produce trust and signal one's trustworthiness also relies on formal social structures. A five-star hotel, an R - rated movie, a CPA degree and an MD diploma all have something in common. In each case, an independent, qualified body has attested publicly, "To Whom It May Concern," that the holder of the certificate or credential meets certain standards of competence and performance. The goal is to reveal company or individual attributes that are general (beyond particular transactions) and objective (anyone would reach the same conclusions). Such objectivity rests on membership in a professional subculture within which carefully developed behaviour patterns are expected to be followed, suggesting a baseline level of trustworthiness. However, unlike the mechanisms mentioned above, implicit guarantees of competence or trustworthiness are not yet available in the context of alliances (Parkhe, 1998). A subject of future research in the context of ISAs could certainly be the possibility of the creation of a "databank" of prospective alliance partners, from which one could choose companies depending upon specific alliance requirements.

### **Critical features of managing international strategic alliance dynamics**

Five features of ongoing ISAs management are noteworthy from the standpoint of generating trust (Parkhe, 1998):

1. Understand the trust timeline and sequence

2. Build trust slowly
3. Watch for divergence of partner's strategic directions
4. Watch for asymmetry in value creation or in value appropriation
5. Staffing issues

First of all, it is useful to diagnose the chronological sequence by which one or more of the trust - building sources mentioned above are activated in creating trust. Although the actual sequence may vary substantially from one relationship to the next, one hypothetical sequence might unfold as follows: Companies A and B are put in touch with each other by company C, which has positive working experiences with both A and B (trust induced by reputation effects). As alliance negotiations get under way, A and B discover common positions on corporate values and strategic tracks (characteristic - based trust). A and B get encouraged and push further into issues of structuring the deal. They come to a mutually satisfactory agreement on strengthening cooperation by adopting a reciprocal purchase agreement plan (discouraging cheating before it occurs), as well as provisions for legal sanctions (imposing punishments if cheating should occur / intermediary mechanisms). The alliance commences operations and A and B observe with pleasure as the other side lives up to the letter and spirit of the cooperative agreement, even in unanticipated situations (process - based trust from ongoing interactions). The alliance is successful and A and B begin to contemplate expanding the scale and scope of the relationship (lengthening shadow of the future). By being alert to such a sequence (e.g., reputation effects → alliance structuring → growing cooperative history → shadow of the future), a manager can better understand trust - building triggers, as well as accurately reinforce a partner's perceptions (Parkhe, 1998).

Another advantage of constructing a trust timeline is that it underscores the attractiveness of starting each relationship in small, measured, specific steps, instead of huge deals. As each partner learns about the other's culture, procedures and trustworthiness, cooperation can gradually be expanded as needed to satisfy strategic needs. As for the speed of trust creation, it is worth noting that all industrial sectors are not equal. Different sectors seem to have different concepts of time, so that clock - time comparisons between certain industries would be almost meaningless. For example, in the contract research industry, alliances tend to be very short, typically not lasting more than a few months. In contrast, time runs at a snail's pace in the auto industry, where the cycle time for a platform can easily last five to seven years before major changes are made to the platform. The notion of time is still more sluggish in trucks. In Ford's F - series truck, one master contract between Ford and a supplier was used for thirty years (with annual revisions) before a new contract was written. In other words, the time frame for building trust must be understood in relation to "industry - based" time, not clock - time (Parkhe, 1998).

Furthermore, managers should remember that, regardless of how long two companies may have worked together, the strategic fit of a once perfect match may diminish as the partners' evolving internal capabilities, strategic choices and market developments pull them in separate directions. Trust development is still possible when the technology underlying an alliance changes or when a relationship no longer makes strategic sense for one or both of the partners, because such situations provide opportunities to build reputation. Openly and constructively managing diverging partner interests reinforces trustworthiness and such behaviour may become known beyond the particular relationship to a broader audience of future potential

alliance partners, creating solid reputation. For example, in high - technology industries, flexibility built into the alliance structure allows partners to adjust to changes in their internal and external environments. This kind of flexibility can be attained by entering into a general cooperative agreement, such that the overall relationship outlasts individual alliances. RCA and Sharp had a long - established cooperative agreement within which they worked on a series of specific ventures over the years. The relationship fades when an alliance ends, to be reactivated later on and whenever it is required (Parkhe, 1998).

Moreover, value creation in an alliance depends first on whether the market and competitive logic of the venture is sound and then on the efficacy with which the partners combine their complementary skills and resources. For example, how well they perform joint tasks. Each partner then appropriates value in the form of monetary and other benefits (Hamel, 1991). Managers should pay attention in minimising any perceptions of asymmetry in value creation or in value appropriation, especially in a relationship of unequal partners, in order to treat the weaker party fairly (Kumar, 1996). The fifth critical element of effectively managing alliance dynamics involves attaching adequate importance to the actual management positions in the alliance structure and filling these positions with the "right people". These managers are much like diplomats. They are able to create an environment of trust, maintain broad strategic vision and feel empathy for others, even those who are still competitors in other areas. They act as a shuttle between the partners, creating relationships, reminding their own team to focus on the big picture and explaining opposing viewpoints. Some of their characteristics are inner competencies like optimism, cleverness, creativity, pragmatism and vigilance. Other aspects can be taught. For example, companies can help managers develop a broad perspective by giving them assignments lasting several years at a time in different parts of the business (Ellis, 1996).

One option for companies seeking good alliance managers is to gradually develop teachable skills in promising candidates. A second option is to hire a professional alliance manager. A third and perhaps best option is to hire a few people in every department who already have the inner traits mentioned above, which enable someone to adapt more quickly if promoted to alliance management (Ellis, 1996). Companies are creating new positions of responsibility that reflect the heightened importance of the trend toward alliances, with titles such as vice president - joint ventures, director of inter - company relations, and so on. For example, Hewlett - Packard (HP) keeps its many alliances running smoothly by designating one employee as a "relationship manager." According to John Eaton, business development manager for HP:

That person is supposed to say, 'Hey guys, we're in this alliance for good business reasons. Yeah, we know we compete in other places and things. But let's keep that in one place and keep this alliance in another' (Templin, 1995).

### **Examples of trust creation**

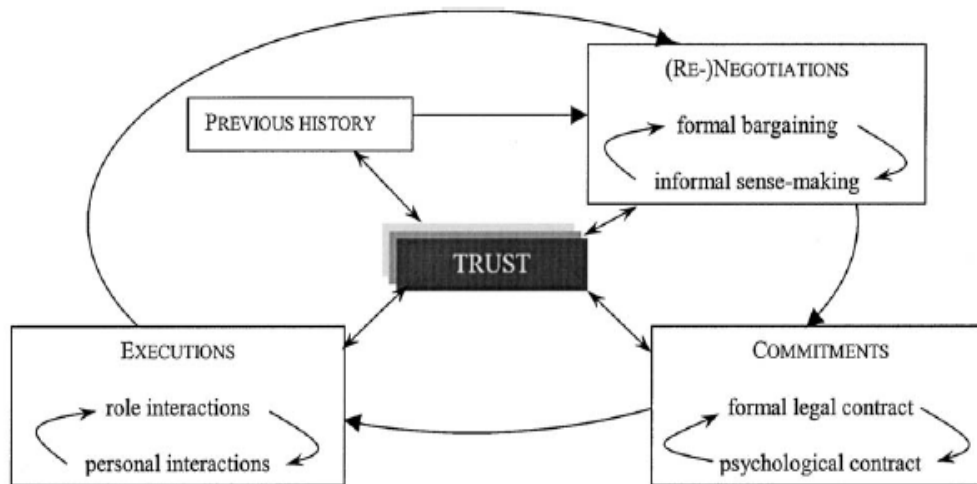
So far we referred to the various mechanisms through which trust may be generated and expanded between alliance partners. Moreover, we emphasized some important features of alliance management which are noteworthy from the standpoint of building trust. At this point we intend to further explain the procedure of trust building, by

presenting some recent and distinguished examples of trust creation from the relevant international literature.

**Trust development in International Joint Ventures (IJVs) according to Boersma, Buckley and Ghauri**

Boersma et al. (2003) examine the emergence of trust as a process and develop a process model of trust building in International Joint Ventures (IJVs), which is used to analyse four case studies. The process model of Boersma et al. (2003) is shown in Figure 1:

**Figure 1: Process Model of Trust Development by Boersma et al.**



Source: Boersma et al. (2003)

The process framework indicates that trust in IJVs will develop through four different stages. The first stage is the previous history. This is the stage before the parties meet to negotiate the joint venture. During this stage, one party may construct an initial mental image of the other party with whom they will create the joint venture. The parties come together in order to negotiate the joint venture during the negotiation stage. In the commitment stage, the parties reach an agreement on the obligations and rules for future action in the relationship. In the execution phase, the commitments and rules of action are carried into effect. Renegotiations may take place after each period of execution during official board meetings. When one or both parties cannot maintain the commitment, the IJV relationship will cease to exist (Ring & Van de Ven, 1994).

The four case studies that were used in order to examine the process model of trust development are ABG, Kemax, LAP and DSM - BASF. ABG is a joint venture between Gamma in Scandinavia and Alpha and Beta in The Netherlands. ABG was established in 1976, is located in The Netherlands and produces an intermediate chemical product. All the three parent companies are users of the output of the joint venture ABG. Each parent achieves security of supply, gains economies of scale in the production of the intermediate by ABG and shares risks. Kemax is a joint venture between Kemira in Sweden and Akzo Nobel in The Netherlands. Kemax was established in 1993, is located in The Netherlands and also produces a chemical product. Akzo Nobel produces an intermediate product as a by - product of its main production process. The joint venture Kemax distillates this by - product from the main stream of waste and sells the product via the marketing channels of Kemira. The third joint venture is LAP and it is located



in Portugal. The Dutch partner Hoogovens supplies a basic input to the (newly privatised) joint venture LAP, which it entered because it wished to secure supply of its output to the new company. The French Partner Usinor operates at the same stage of production as the later stages of activity carried out by LAP, and it wished to ensure prices and quality at the output stage. The fourth joint venture DSM - BASF is similar in physical structure to the IJV ABG and produces an intermediate product, which is supplied to the partner companies for further processing. The ownership structure of the four IJVs is illustrated in Table 1:

**Table 1: Ownership structure of IJVs ABG, Kemax, LAP, DSM - BASF**

Joint venture name	Ownership share		
	The Netherlands 1	The Netherlands 2	Foreign partner
1. ABG	Alpha (30%)	Beta (30%)	Gamma, Scandinavia (40%)
2. Kemax	Akzo Nobel (49%)	-	Kemira, Sweden (51%)
3. LAP	Hoogovens (50%)	-	Usinor, France (50%)
4. DSM-BASF	DSM (60%)	-	BASF, Germany (40%)

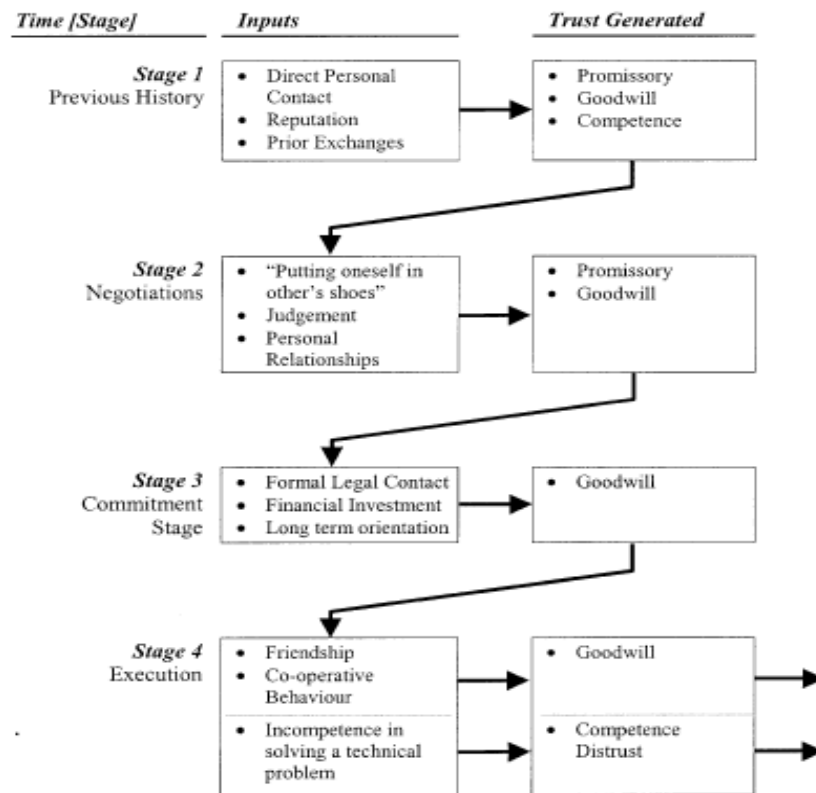
**Source: Boersma et al. (2003)**

The four case studies have important common characteristics. Firstly, they are all IJVs with a Dutch partner. Secondly, they are all structured so as to manage the flows of intermediate products linking the IJV with the parents (although in different configurations). Thirdly, they are all trans - EU ventures. From these basic commonalties, it is possible to apply a focus on the long-term study of the development of trust. The presence of a completely symmetrical IJV (LAP), where ownership is shared 50:50 and the physical structure is identical for the two partners, is noteworthy as it presents a useful benchmark for the other three non symmetrical cases (Boersma et al., 2003).

The case research method of Boersma et al. (2003) has several important findings. First of all, the researchers believe that trust can be seen both as an output and an input at various stages of the process. It is possible to see the development of trust as a sequential process and a linear form of this process, broken into stages serves the analysis well. Moreover, reputation effects are important, as an appreciating asset brought to the table in the first stage and as an operating asset as promises are delivered or overfulfilled. The results of the case research method of Boersma et al. (2003) show that the researchers' process model of trust development performs well. At every stage, outputs of trust can be identified, which become inputs into the next stage. The research findings reveal a rich picture and suggest that the model is a useful one for the further examination of trust building processes in IJVs. For instance, the personal elements of relationships and feelings ("putting oneself into the other's shoes" in Fig. 2) are shown to be important. Moreover, it appears that promissory - based trust is important early in the process and competence - based trust later in the sequence of stages. Trust based on individual self interest thus grows, through forbearance to a commitment to cooperate, which is self - reinforcing (Buckley and Casson, 1988). Goodwill - based trust

is important throughout (Hajidimitriou & Sklavounos, 2006). The results of the case research method of Boersma et al. (2003) are illustrated in Figure 2:

**Figure 2: Summary of results of the case research method of Boersma et al.**



Source: Boersma et al. (2003)

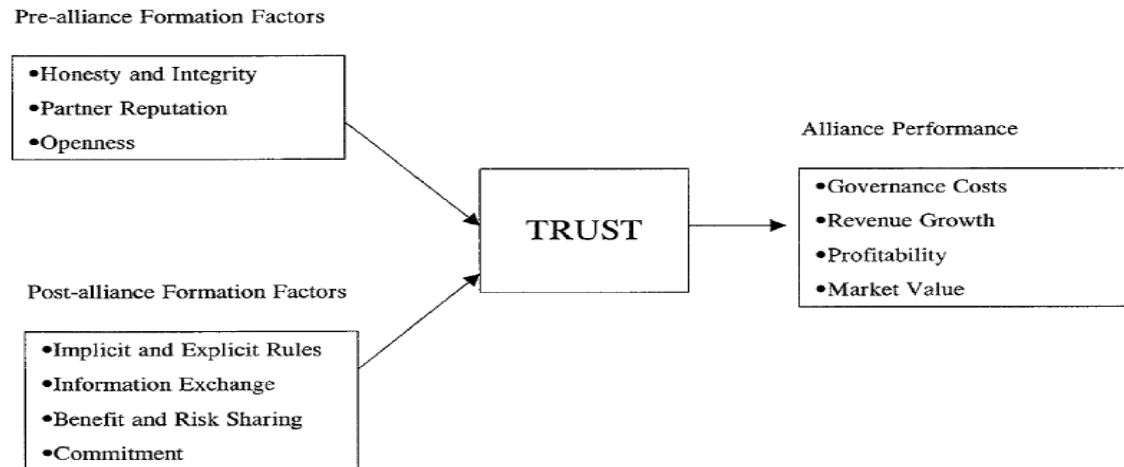
The results of the research of Boersma et al. (2003) provide an excellent basis for future research on the issue of trust creation in ISAs. As for its limitations, it is based on only four case studies. These case studies cannot be considered representative of all IJVs because of their industrial and cultural biases. It would also be useful to confront this model with a richer, more widely dispersed set of cases, with more cultural and structural variety in the IJVs analysed, in order to investigate its degree of robustness. It may also be possible in future research to move forward from this linear model to a more realistic, recursive flow schema (Boersma et al., 2003).

**Trust creation and expansion in International Strategic Alliances (ISAs) by Jenkins, Artz, Gillin and Christodouloy**

Jenkins et al. (2000) developed a process model which describes how trust can be created and expanded between strategic alliance partners. They performed a field research on processes leading to the development of trust in the evolution of the ISA Amrad Pharmaceuticals (AMRAD), which was formed in 1987 by Amrad Corporation Limited (Australia) and Merck, Sharpe & Dohme (an Australian subsidiary of Merck & Company, U.S.A.). The research was carried out in two stages. Stage one began in 1992 and focused on the decision to form AMRAD and the creation of the alliance. Stage two followed in 1995 and focused on trust factors involved in the formation of the alliance. Data were collected on the evolution of

AMRAD with interviews that involved numerous key managers. The process model of Jenkins et al. (2000) is shown in Figure 3:

**Figure 3: Process Model of Trust Development by Jenkins et al.**



**Source: Jenkins et al. (2000)**

The process model of Jenkins et al. (2000) illustrates both the factors that drive the creation and expansion of trust in ISAs and how this trust may affect alliance performance. The evidence from AMRAD Pharmaceuticals support Ring & Van de Ven (1994), who mention that trust "is a cumulative product of repeated past interactions among themselves". The successful creation and continued success of AMRAD Pharmaceuticals also support the argument of Ring & Van de Ven (1994) that trust is important in creating and maintaining strategic alliances. The main limitation of this research is the lack of a statistical analysis for the scientific confirmation of its results.

### **Conclusions and objectives for further research**

The purpose of this paper is to elucidate the multidimensional concept of trust and to emphasize its significant role for the success of ISAs, by systematically examining the various mechanisms through which trust may be created and expanded among alliance partners. The first section is concerned with the primary trust - building factors which are, to some degree, within management's control and thus should be well - noticed during the design and implementation stages of an alliance. Moreover, the second section emphasizes the importance of some noteworthy features of managing ISAs dynamics. Furthermore, in the third section, some contemporary and distinguished examples of trust creation from the relevant international literature are presented, in order to better explain the procedure of creation and development of trust in the context of ISAs. It includes the research of Boersma et al. (2003) who examine the emergence of trust as a process and develop a process model of trust building in IJVs, which is used to analyse four case studies. The results show that trust can be seen both as an output and an input at various stages of the process. This useful research is followed by the research of Jenkins et al. (2000), who also developed a process model which describes how trust can be created and expanded between strategic alliance partners. The results reveal that trust is a cumulative product of repeated past interactions among themselves.

As far as further research is concerned, our main research objective is to empirically examine the concept of trust and its role in ISAs

that include at least one Greek partner or generally in ISAs that operate in South - East Europe. We intend to investigate these issues by constructing an appropriate questionnaire which will be sent to managers of Greek companies that have formed ISAs in the recent past. The results of the questionnaires will be statistically analysed using the appropriate statistical methods. Any possible findings would definitely constitute a valuable addition in the international bibliography about the complex concept of trust. This paper constitutes the basis for such future research. A subject of future research in the context of ISAs could certainly be the possibility of the creation of a "databank" of prospective alliance partners, from which one could choose companies depending upon specific alliance requirements. Apart from that, we believe that the findings of the process models of trust creation that were presented in this paper should be statistically analysed and confronted with some richer, more widely dispersed set of cases, with more cultural and structural variety in the IJVs analysed. It would really be helpful for better understanding how trust is generated and developed in the context of ISAs and to emphasize even more the importance of trust for their success.

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## **Authors' CVs**

### **Yannis A. Hajidimitriou**

Dr Yannis Hajidimitriou is Associate Professor in International Business at the Department of Business Administration, University of Macedonia, Thessaloniki, Greece. His current research interests focus on strategies of international expansion, international joint ventures and international strategic alliances. Recent research articles appear in the Journal of International Consumer Marketing, European Journal of Operational Research, European Business Review, American Business Review and in the proceedings of several international conferences. Prof. Hajidimitriou is also the author of three university textbooks (in Greek). Since July 2000, Prof. Hajidimitriou is a member of the Board of Directors of the Exporters Association of Northern Greece (SEVE), representing the University of Macedonia.

Address: University of Macedonia, Egnatia 156, 54006 Thessaloniki, Greece

Phone Number: (0030)2310891585, fax: (0030)2310891544

E-mail: [hajidim@uom.gr](mailto:hajidim@uom.gr), p.p.: <http://eos.uom.gr/~hajidim>

### **Nikolaos S. Sklavounos**

Nikolaos S. Sklavounos is a PhD Candidate at the Department of Business Administration, University of Macedonia, Thessaloniki, Greece. He is a graduate of the Department of Business Administration and an MBA graduate from University of Macedonia, Thessaloniki, Greece. His PhD dissertation focuses on the concept of trust among the partners in international strategic alliances (ISAs) and its importance for the success of ISAs and in particular of international joint ventures (IJVs). He has worked in a scientific team for the creation of educational material in the area of Human Resources, where he conducted interviews with HR Directors of top Greek firms. He has also worked in a scientific team for the study of the context of undeclared work worldwide and the report of the best international practices and policies that could be adopted in Greece for the solution of the issue.

Address: 24 Himonidou Str., 55133, Kalamaria, Thessaloniki, Greece

Phone Number: (0030)2310437007, (0030)6973407438

E-mail: [sklavou@uom.gr](mailto:sklavou@uom.gr), [sklavounosnikos@yahoo.gr](mailto:sklavounosnikos@yahoo.gr)