

# The impact of trust in international alliances – how satisfied are foreign companies with their cooperation with Portuguese partners?

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## **Abstract**

This study will focus on the impact of trust, as a culturally defined characteristic of societies, in the performance of the alliances taking place between Portuguese partners and foreign ones. It is a work in progress and it involves different aspects to be dealt with at the same time: trust, national culture and cooperation. The operationalisation of those aspects will be done by the use of both a qualitative and a quantitative approach. The results may help managers to develop a trust production process that may enable the achievement of their objectives throughout collaborative forms and its importance in internationalisation processes. The overall aim is filling some gaps identified in the literature in terms of the overlapping characteristics of presented topics, namely its actionability. Thus far, it has been done some research about trust and cooperative strategies that will be summarized in sections 1 and 2. The following sections will sum up the efforts done concerning model development and the methodology to use. The last part will recap work done to date and present intentions in terms of research.

## **1. Introduction**

Recent years have brought light to an important wave of mergers and acquisitions, strategic alliances and business networks. These phenomena have multiplied the opportunities to profit from cooperation between different partners, especially from those across national boundaries. Therefore, cooperation was given a landmark position in international business. An important function was also recognised to collaboration besides its key role-played in international ventures exchange of experience. In fact, for inter-company teams, collaboration within can

benefit from the knowledge and experience pooling. Besides these advantages, the literature recognises the importance of other issues, namely trust. Managers also cite lack of trust as a major reason for relationship failure. This is why economic agents started giving mutual trust a milestones role due to its importance in international activities. Several cases have shown that mutual trust can be given a “cement” characteristic linking together economic agents that felt to be a part of a community based on trust. Settled up in a community, they felt motivated by something bigger than mere interest.

In establishing conditions for business, contracts have always played an important role, providing the basis on which business partners were developing their relationship. But contracts seem to be insufficient in determining how the collaboration is going to work out. Informal agreements in business are believed to be essential and these agreements may rely heavily on trust (Macaulay, 1963). This will mean having the confidence to commit the other party’s valuable resources, such as finance and know-how. But this behaviour involves risks, which partners only afford if they believe the others won’t take advantage of such a commitment. Therefore, considering the lack of information about the people with whom it is necessary to work, another type of uncertainty can be found in business, besides the uncertainty related with the context. It is the uncertainty related with partner’s behaviour. Nevertheless, if there is a way of anticipating the behaviour that other partners may take in the relationship, then we can reduce the uncertainty associated with this lack of knowledge. And as a successful relationship will reinforce trust, a virtuous circle could be created here. The creation and sustainability of such virtuous circle that seems to bring so many benefits to business is then essential. And it is in this context that the following research question gains relevance - What is the impact of trust in international alliances performance, namely those established between Portuguese firms and foreign ones?

## **2. Literature Review**

### **2.1 Trust**

#### **2.1.1 The concept of trust**

There are several definitions of trust, each one varying in terms of the focus chosen by each author. The following are just a sample of some trust definitions founded.

According to Child (2001), trust concerns the willingness of one person or group to relate to another in the belief that the other’s action will be beneficial rather than detrimental, even though this cannot be guaranteed. For Sako and Helper (1998) trust is an expectation held by an agent that its trade partner would behave in a mutual acceptable manner (including the expectation that neither party will exploit the other’s vulnerabilities). Sabel (1993) has a similar definition for trust, saying that it is the mutual confidence that parties involved in an economic transaction will not exploit one another, when one or both of the parties are vulnerable to opportunism. Mayer, *et al.* (1995, p. 712) say that “(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”.

For Fukuyama (1996) the notion of trust entails going further than the self-interest and this fact joins communities in all economic societies. In his opinion, “trust is an expectative that emerges from a community where its members are characterized by stable and honest behaviours and by rules commonly shared” (p. 36). The social perspective of the concept is brought from Luhmann (1979), who was one of first to use the notion of “social capital” (Lane, 1998), to refer to what extend trust comes into in a society. This view was also defended by Coleman (1990) for whom trust is a mechanism by which actors reduce the internal complexity of their system of

interaction, through the adoption of specific expectations about the future behaviour of the other by selecting amongst a range of possibilities.

Thus it seems that different authors select different perspectives to define this construct. Willingness and confidence are most common ones, but expectations and beliefs are also considered important facets to conceptualise trust. Vulnerability and the risk bearableness are also important aspects of the concept. Although rich in nature, it is a difficult construct to define.

### 2.1.2 *Trust types*

There are several forms of classifying trust according to different authors and the way they see this concept. Fukuyama (1996) sees the society as a cultural community and trust as the expectation that arises within that community sharing common norms. These norms are based in cooperative behaviours between its members. The social capital level of each society may be increased or decreased over time. Nevertheless, trust is very hard to cultivate intentionally, as well as it is very difficult to change from a low-trust society to a high-level one. The society may increase or decrease its level of social capital over time, leading to the farthest positions of:

- **High trustworthiness societies** – trust penetrates the whole society, rather than remaining confined to the family, clan or close friends.
- **Low trustworthiness societies** – society in which trust is a subject to be confined to the family, clan or circle of friends.

Defending a cultural perspective to analyse trust, this sociologist totally disagrees with the vision of economic rationality defended by Williamson (1975). Child (2001) neither inasmuch agrees with him, as he argues that there are two different bases for trust:

- **Traditional**, derived from sharing the attributes that come from the members belonging to the same social group and reinforced by their past experience; and
- **Institutions**, that provides an effective legal system with legally enforceable contracts and guarantees of competence and quality provided by recognised certification.

Considering this, it is possible to say that Child (2001) believes that legal institutions promote trust but are not independent of it. So, trust and legal system are not alternatives for standing cooperation. They are rather complementary. In fact it seems that Child (2001) tends to agree with Fukuyama (1996) admitting that societies can play an important role in developing a basis on which its citizens can rely when taking the risk of trusting others. “In societies where there is a high degree of uncertainty and a generally low level of trust, to whom actually trust becomes a vital consideration.” (p.277). This means that when institutional supports for trust are weak, people have to resort to supports of a traditional nature. But institutional supports are a basis for trust building and not a substitute for it. Zucker (1986) is one of the authors that use an institutional basis to analyse trust. This author thinks that institutional mechanisms produce trust and that this can be done in an intentional manner. She considers it as a very desirable property. Nevertheless, Zucker also considers that those mechanisms possess a certain degree of cultural specificity and certain fragility in terms of results.

For Child and Faulkner (1998) there are three types of trust – calculative trust (the one that evolves a calculated risk), predictive trust (the one that comes through the experience that agents will gain), and affective trust (the one that comes from the emotional commitment between the two partners). Sako and Helper (1998) follow the same line as Child (2001) when defending a broader notion of trust. Those authors posit three types of trust based in a kind of hierarchy – contractual trust (based on the expectation that the other part will carry out its contractual arrangements), competence trust (based on the expectation that the other part is capable of doing what it says it will do), and goodwill trust (based on the expectation that the other party will make an open-ended commitment to take initiatives for mutual benefit while

refraining from unfair advantage taking). These two authors think that trust can be created and maintained, and that it is possible to have absence of opportunistic behaviours in contractual trust and in goodwill trust, but that for having goodwill trust we will need more than a mere lack of opportunistic behaviour.

Barney and Hansen (1994) use a more direct notion to help defining the existing types of trust, characterized by an intensity degree. They define three types of trust in economic exchanges – weak trust (when the opportunities for opportunistic behaviours are limited; it could only be a source of competitive advantage when competitors invest in unnecessary and expensive governance mechanisms), semi-strong trust (when there is a contract; it can be a source of competitive advantage when competitors have differential exchange governance skills and abilities, and when these skills and abilities are costly to imitate), and strong trust (when there are opportunities to act in an opportunistic manner given the information that partners have of each other's in result of the relationship process yet build; it is an important source of competitive advantage. This last form of trust is a value-based one).

Although different classifications are proposed, there is possible in some cases to identify some overlapping criteria. Above all, it is important to distinguish antecedents and consequences of trust, task that it is not always clear in the literature reviewed.

### **2.1.3 Trust and business**

Considering the importance of trust for economic performance, there are some authors (Williamson, 1985) that state that trust is “inordinately difficult” (p. 406) to operationalise. Kern (2000) established no direct relationship between trust and economic performance. He says that in some circumstances trust could even be responsible for a bad performance. In industrial districts, for instance, inter-organisational relationships can lock companies into themselves, with inevitable costs for not looking for others opportunities outside the district. Zucker (1986) claims that the production of trust can have higher costs than the benefits associated to it, due to unplanned and unacknowledged trust and to the fragility that it usually involves.

By the contrary, Barney and Hansen (1994) associate trust to performance and competitiveness. As well as Jarrillo (1988), they recognize trust as a true source for competitive advantage from which only some companies can profit. This leads to the identification of the actions need to be taken to achieve this kind of advantage, and to the clarification of the reasons why there are some companies that are able to do it better than others. Granovetter (1985) is one of the authors that claim that trust cannot be intentionally created and that it is emergent. However, other authors (Lane, 1998, Luhmann, 1979; Zucker, 1986; Gambetta, 1988) claim that trust can be intentionally created and developed although it depends on the trust type. Normally, it is done in an incremental way and it is not offered spontaneously, although it could happen after an extensive period of time.

Arrow (1974) was one of the first authors assuming that the existence of trust can benefit from allowing a fair degree of reliance on other companies and initiating a process of reproducing trust. Arrow, as well as Fukuyama (1996) even connects the absence of trust with economic backwardness or underdevelopment. While authors like Barney and Hansen (1994) support an abandonment of safeguards given the advantages of a mutually negotiated mechanism that provides a greater flexibility to the relationship, Ring and Van de Ven (1994) do not envisage an entire abandonment. As opportunism reduces the efficiency of transactions, it has to be controlled through various contractual and monitoring devices. This is also the opinion of Williamson (1985), who ads that this is a costly process that detains exchange partners from adopt it. Macaulay (1963), Granovetter (1985) and Sako (1992) assert that a high level of trust diminishes the need for any contractual and monitoring devices to hinder opportunism, due to the obligation and value consensus associated to it. Some authors support this claim adding that in a relationship of trust, the information exchanged can be more accurate, comprehensive and

timely. This is mainly due to the amount of information that each partner makes available to each other. According to Sako (1992) this exchange of information makes partners more opened to each other, and then increasing the chances for new forms of collaboration. Partners interested in sending out signals of trustworthiness (through the use of reputation, brands or the adoption of quality standards) want their qualities to be known. For that they use established channels of communication that a potential trustor may want to check out and then initiating the contact (Lane, 1998). In this case, the process of building trust occurs gradually and the amount of trust conferred is expanded in very small steps. Stakes rise over time, gradually increasing with the object of trust and the risk level. This entails a process called “Stages model of trust” according to Child and Faulkner (1998), which suggest that a kind of trust can turn into another one, more intensive.

#### **2.1.4 Trust and Culture**

Backwards in time, the importance of trust in economic life was already recognised. Adam Smith, in his “Wealth of Nations” book, stated that economic life was embedded in social life and couldn’t be understood separated from costumes, moral and habits of the society where it is developed. The nation’s welfare, as well as its ability to compete, depends in fact on this cultural characteristic – trust – that in Fukuyama’s (1996) opinion is inherent to a particular society. In his view trust is culturally determined and without it, there will always be a strong propensity to bring activities within the company and re-establish hierarchies. In this sense it can be viewed as a way of appealing to the market. Under Fukuyama’s (1996) opinion, all economic societies that were well succeeded have communities motivated by something bigger than its mere interest, and they joined by trust. Considering that the need of communitarian sense enables people from exploiting existent economic opportunities, the lack of trust will then be responsible for weak economic performance. This is what Coleman (1988) calls “social capital deficit”. For this author, the social capital is a part of the human capital, which is the intangible capital, the knowledge that people carry inside their heads. The social capital depends on norms and values shared in the heart of societies, and on the capability to subordinate individual interests to group ones. Trust flourishes from this value sharing, and has an enormous economic worth (Fukuyama, 1996). It is different from the other human capital types because it is brought up and transmitted through cultural mechanisms. It is not liable of rational investment decisions as other types of human capital and requires habituation to the moral norms of each society. Because it is based on ethical habits, it is much more resistant to changes or destruction (Fukuyama, 1996).

As Doney et al. (1998) stated, “two related trends have focused scholar’s attention on the role culture plays in exchange” (p. 601). One is associated with the impact of cultural differences on organizational performance (Cox, 1991), the other concerns the companies drift of facing market in terms of establishing alliances, entering new markets, find sources for supplies and employers all over the world. This increased globalisation of economic activity has highlighted the need for understanding how trust develops and what is the influence of national culture in the trust-building and management process. But, whether and how trust is established depends upon societal norms and values that guide people’s behaviour and beliefs (Hofstede, 1980). In fact, “surrounding culture may affect the behaviour of organizational members through its impact on the culture of the organization itself. It may also affect behaviour through its impact on the beliefs, norms and values that individual members bring into the organization.” (Sagiv and Schwartz, 2000). So, we may say that culture plays an important role defining the kind of trust that firms could face, mainly those operating in an international basis.

Nevertheless, we must remind the traditional difficulty in operating the concept of culture. Economists, for example, are inclined to see it as a residual category used to explain everything that could not be explained in a different way by human behaviour theories (Fukuyama, 1996). It is the “dustbin” where to assign residual and unexplained phenomena (Wilkinson, 1996) due principally to its wide ranged definitions. Besides that, it is not something that you can

rationally choose and it is very difficult to measure, mainly because its predisposition to interviews and questionnaires that usually puzzle opinions with habits. So, it seems that in spite of its importance in trust characterization, culture is not an easy concept to deal with. According with the authors revised, it is a concept that is intrinsically associated with society, and therefore of a major importance when studying phenomena as international business activities, which deal with different social orders and is, above all, an organizational matter.

## **2.2 Cooperative strategies**

Cooperative strategies can be seen as a continuum of arrangements ranging from very simple forms to more complex contractual ones. According to Contractor and Lorange (2002), alliances are "...any medium to long-term cooperative relationship between firms, weather based on an equity joint-venture company that the principals create, or a handshake, or on a contractual relationship entailing frequent interactions between the allied corporations." (p. xi). In this sense, alliances come in many legal and organizational forms, some contractual, some not. Legal and organizational forms are important to analyse cooperative activities, but issues like communication and relationship are of a central importance too. In this sense, alliances are close to the definition of Harbison and Pekar (1998), for whom strategic alliances are part of an extended enterprise continuum, ranging from shared resources to shared equity in long-term commitments. For those authors, strategic alliances usually involve a commitment of at least ten years, a linkage based on equity or on shared capabilities, a reciprocal relationship with a shared strategy in common, an increase in the company's value and a pressure on competitors, and a willingness to share and leverage core capabilities.

For Gomes-Casseres (1993) there are also different options for organising an alliance that can also be arranged in a continuum. Following this line, Parkhe (1993) also uses a broader notion of strategic alliance defining it as "... voluntary inter-firm cooperative agreements, often characterized by inherent instability arising from uncertainty regarding a partner's future behavior and the absence of a higher authority to ensure compliance." (p. 794). And Yoshino and Rangan (1995) say "... a strategic alliance links specific facets of the business of two or more firms. At its core, this link is a trading partnership that enhances the effectiveness of the competitive strategies of the participating firms by providing for the mutually beneficial trade of technologies, skills, or products based upon them. An alliance can take a variety of forms, ranging from an arm's length contract to a joint venture." (p. 4). For Gulati (1998), strategic alliances are "... voluntary arrangements between firms involving exchange, sharing, or co-development of products, technologies, or services." (p. 293). Ariño et al., 2001 (in Ariño, 2003) defines the strategic alliance as a formal agreement between two or more business organizations to pursue a set of private and common interests through the sharing of resources in contexts involving uncertainty over outcomes. She reminds Hamel and Prahalad (1989) when they say that the strategic character of an alliance is derived from the firm's intention to implement, in part or in whole, elements of management's strategic intent.

In fact, the majority of academics studying alliances come together in the main topics involved in this subject, although some kind of international operational modes are considered as a strategic alliance by some and not for others. In the case of the importance of trust and communication within partners, it is also possible to find some convergence. Under Child's (2001) opinion, trust is vital for any relationship, business or not, due to the lack of knowledge and understanding of the other person or group. Trust can stabilize the expectations that people have on one another and therefore reduce uncertainty. Parkher (1998) follows the same line when referring to alliances. He says "inter-firm cooperative relationships involve promises – both explicit and implicit – about future behaviours, and trust transforms such promises into credible propositions" (p. 219). Powell (1991) sustains that trust reduces complex and uncertain realities far more quickly than prediction, authority or bargaining.

Cooperative strategies can also be considered as a third option, parallel to prices and authority, in terms of coordination mechanisms of governance forms as market, hierarchies and networks, respectively (Bradach and Eccles, 1989). This vision of the concept is frequently presented by contrast to the one brought from Institutional Economics that sees networks as a continuum, as intermediate or hybrid form of organising economic activities.

### *2.2.1 Alliances performance*

Alliances performance is most of the times associated with financial results. However, performance should be interpreted beyond these quantitative indicators (Dussage and Garrette, 1995). Lack of convergence arrives early, with the attempt to measure alliance performance. One might be tempted to consider that the longevity of the alliance may be used as a proxy of its success. Nevertheless, some alliances may have a defined purpose since the beginning that, once achieved, leads to the end of it. And the satisfaction with the relationship can be understood differently by partners and differently during its life. Contractor and Lorange (2002) corroborate this thought when they say that time should not be used as a measure for alliance success. In fact, "...alliances are so fragile: many terminate in a few years. (Of course many alliances are designed to last only as long as the project in hand. If so, termination is not often a sign of failure, but rather of task completion.)" (p. xii). In fact, defining and measuring the performance of alliances has been shown to be a complex task (Dussage and Garrette, 1995). Some studies have, however, tried it, approaching the question of success linking levels of performance to particular explanatory factors describing attributes of the observed alliances (Lorange and Ross, 1992 and Harrigan, 1988, quoted from Dussage and Garrette, 1995). But indeed no satisfactory measure is used in all studies. Gulati (1998) considers alliance performance as "...one of the most exciting and under explored areas. " (p. 306). He goes on saying, "...several practitioners have sought to identify the magical formula for alliance success...". While Harrigan, in her article of 1988, used as a measurement of performance the joint venture duration, survival and manager's assessments, Kogut (1988) came out with the concept of stability to approach the issue of performance. Parkhe (1993) measures strategic alliance performance as the degree of fulfilment of strategic goals. It means that there must be a strategic goal in the initial purpose of alliance establishment.

One interesting suggestion to evaluate strategic alliance performance comes from Ariño (2003) with the proposal of a definition of strategic alliance performance that considers both outcome and process performance. According to this author, different types of performance correspond different types of measures. She distinguishes between three types of levels of performance that depend on the goals under consideration:

- 1 – financial performance: relevant when the partners in the alliance have explicit financial goals for it
- 2 – operational performance: focuses on key operational success factors that *might* lead to financial performance
- 3 – organizational effectiveness: refers to the fulfilment of the organization's goals, taking into account the interests of multiple constituencies.

Under Ariño's opinion, this last type is one of the most difficult to measure. And she adds that it is necessary to draw attention to each partner's goals (private goals) as well as common goals, and consider that the goals may change over time.

Olk (2002) proposes two levels for strategic alliance performance evaluation: one which considers the subject perspective - strategic alliance as a whole as opposed to partners individually considered; and the one considering the purpose of the evaluation – optimisation, strategic interest, multi-interest and sequential. Using the first level, studies may consider an alliance as an entity and then evaluate its performance, or, alternatively, consider the benefits that the partners, individually or collectively, got from the alliance. With the usage of the second level, Olk identifies the four approaches referred above. In the optimisation approach, a single criterion is used, typically an objective measure used by all the parties independently from the

context. As better performance is normally associated with a greater value on the criterion, then the assumed goal of management is to maximize this value. In the strategic interest approach, the criterion to be used will be dependent from the determination of the dominant coalition and it can be reflected in several measures. This criterion may vary with time and as the coalition changes itself. In the multi-interest approach different and sometimes conflicting criteria of performance can be used. No single criteria are preferred and performance may reflect trade-offs among them. In the last approach, multiple criteria are used with a time relation among them. Some may reproduce intermediate efforts that without achievement won't lead to the desirable long-term performance. Depending on the level of analysis and the focus of the approach, and taking in consideration that the last approach – the sequential one – involves simultaneously alliance and partner's dimensions, Olk (2002) suggested seven alternatives of strategic alliance performance perspectives: alliance optimisation, alliance strategic interest, alliance multi-interest, partner optimisation, partner strategic interest, partner multi-interest and sequential.

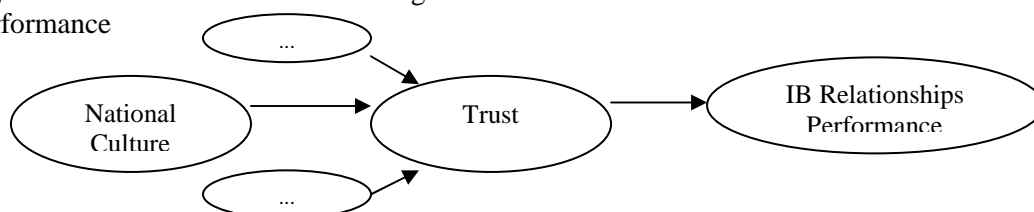
Management flexibility of the alliance, trust building and regularity in information exchange between partners, conflict and expectations of management are, among others, factors cited by several authors to help determining alliance success. Gulati (1998) draws attention to the difference between factors that lead to alliance termination and those that may be considered as relevant for its success. Besides that, he remembers that performance can be difficult to measure with financial outcomes and that it is sometimes asymmetric, once that only one partner achieves its goals. According to Dussauge and Garrette (1995), most of the studies use one of three evaluation criteria to assess joint venture performance – the opinion of managers, the alliance stability and duration, and the stock market reactions to joint venture formation. This leads to considerations over partner asymmetries, distribution of ownership and control of the joint venture and scope and breath of the purpose of the alliance, industry structure and competitive context. These authors, rather than relating differing levels of performance to isolated attributes of alliances, try to establish a relationship between performance and coherent patterns of inter-firm collaboration, using combinations of attributes.

In the present study the emphasis will be put in the understanding of the effect that trust has in the performance of alliances between Portuguese partners and foreign ones. Trust will be considered as a national cultural feature, which goes in line with Olk's (2000) partner strategic interest approach. Within it the general evaluation of the alliance, partner satisfaction and partner goal attainment are topics of interest. This perspective seems to better capture satisfaction in terms of alternative to other organisational forms and it is open to the use of reputation, shared decision-making, partner differences and trust as key predictor variables.

### 3. Model

National culture is one of the determinants of trust (Child, 2001, and Sako and Helper, 1998) and depends on society (Fukuyama, 1996, and Hofstede, 1980) (see Figure 1). Business happens in an organizational setting and will depend on the trust level, which, in its turn, is influenced by national culture. So, it seems interesting in this context to analyse what might be the impact of trust in international business relationships that take place between companies operating in different societies and that are, by that reason, exposed to different values, norms, habits and beliefs.

Figure 1 – Influences of culture among others over trust and of trust over international alliances performance



It is important to consider that marketing cannot be put away from the insights. In fact, it should be considered that trust is as a social characteristic keeping in mind its importance for marketing, with national culture as the main background. Marketing is here considered as the social process by which individuals or groups obtain what they need and want by the creation, offering and exchanging of products with others (Kotler, 1991). Of course, in this process the international dimension has to be considered as well as the dimension where not just final consumers get what they want from firms, but also where firms look for the better ways to create, offer and exchange with their business partners (customers, suppliers, institutional bodies...).

## **4. Methodology**

### **4.1 Exploratory stage**

Some constructs were extracted from the literature review in order to develop the hypothesis associated with our research question. The existence of gaps and the lack of convergence in literature can lead to other constructs emergence. In this phase some semi-structured personal interviews would be conducted with alliance managers, academics and cooperation experts in order to guarantee the relevance of the key constructs identified and purify the chosen items. After the identification of the key constructs and the verification of its applicability, a conceptual framework should be constructed.

### **4.2 Data Collection**

Several studies in this domain have used quantitative approaches (Sako and Helper, 1998, Doney *et al.*, 1998, and Mayer *et al.*, 1995). Based on Rodríguez and Wilson (2002) one way of studying the role of trust in relationships established within international partnerships is the use of a survey, based on data collected from department of commerce, offices of international trade, chambers of commerce, trade associations and investment boards of the countries involved. The use of different countries should take into account cultural differences within it, once that we believe that determinants of trust are not really totally culture-free. This is an adequate approach to use in the thesis under work.

There is no compiled database with the contacts of foreign companies involved in any specie of alliances with Portuguese companies. However, there is some possible ways of build it. In fact, previous studies have been performed using data from Portuguese companies involved in international relationships. Those contacts might be used to get access to the foreign partners. Chambers of commerce (which are 20 in Portugal), trade associations and public institutes involved with international trade and investment will be contacted and its support will be asked in order to facilitate the contacts with the respondents. Some contacts have been already made and database has already started to be built, as this phase of the work is independent from the questionnaire administration. If access to an international database was achieved, this procedure would be facilitated, but there are remote chances of that to be got.

The next stage will be the questionnaire development, used as primary data collection method. Interviews conducted, as well as the literature reviewed - which contains several scales already developed - should allow the extraction of the items to be measured. The existing scales will be used whenever considered adequate. Questionnaires should be sent in a mail survey as referred above. As we want to evaluate the way Foreigners characterise relationships with Portuguese and the context of this relationship, the unit of analysis will be the foreign alliance partner. It will be asked to the most informed person of the company in terms of relationship experience with the Portuguese firm, to answer the questionnaire. Manager's perceptions of the relationship attributes that contribute more to the success of the relationship will be assessed. Questionnaires should be written in English but translation to another language will be available at the request

of the interviewee. Reverse translation should be used to ensure the validity of the items under study.

Anonymity and confidentiality will be guaranteed in order to ensure a response. A pre-paid envelope as well as follow-up mails and/or phone calls will serve this aim too. This point is particularly important when getting the contacts through Portuguese partners because a great reluctance is expected to be present when transferring information to strangers about their own business. Thus, getting an institutional seal is fundamental. This seal could be provided by the institute eventually interested in the study (as ICEP- Investimentos, Comércio e Turismo de Portugal, API – Agência Portuguesa para o Investimento or AEP – Associação Empresarial Portuguesa) or by the academic institutions where I am affiliated. Several contacts with executives from those bodies are being established yet, as they can certify the legitimacy of the work.

Malhotra *et al.* (1996) suggest the use of Likert scales as they capture well the extent to which certain practices or beliefs exist. This type of scales allows the respondent to choose from a set of predetermined responses. Questionnaire should be tested before administered to the sample. This pre-test will be conducted in a small number of foreign partners in order to guarantee the common understanding of the questions and in order to eliminate ambiguous items and/or test the validity of others.

#### **4.3 Data analysis**

In order to determine if the items suggested measure the constructs, we shall examine individual items loadings of the measures on their construct using an exploratory factor analysis. Confirmatory factor analysis will be used to assess the extent to which the items measure the same underlying construct (convergent validity) and the degree to which measures of different variables are unique. The statistical software to treat data will be Amos or Lisrel.

#### **5. Stage of the present work and future research**

Research is in a very embryonic phase. So far, only the idea has been taking shape and there is openness to suggestions from different areas of knowledge, from culture to methodology expertise. However, an effort to embed different literature bodies had been already made. The majority of the work already done concerns the literature review about trust and the overlapping texts between trust, cooperative strategies and national culture. Nevertheless, an adequate framework it is still missing to separate and aggregate all the work about this topic already read. At the same time it is urgent and necessary to verify with professionals the availability of data, the access to some institutions and companies and its congregation in reasonable sample.

Suggestions concerning the stream that work has been following are welcome as well as contributions to a model and a method that might help the answering to the research question posed.

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