

Development of trust in international strategic alliances.

The example of Dutch and Korean companies



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Management Summary

Trust is of importance in a strategic alliance. Alliances between companies are becoming more and more important, but several alliances do not succeed. Especially when a strategic alliance crosses borders, risks of failure increases. Trust is regarded as source of competitive advantage in a strategic alliance. Trust development can easily be disturbed, which may cause a failure of the strategic alliance. The importance of trust in a strategic alliance requires companies to know the factors influencing trust development. Nevertheless little literature exists about trust development in international strategic alliance context.

This Master Thesis aims to fill this gap by presenting a model of trust development in an international strategic alliance. Based on literature review, it turned out that factors from different science disciplines influence trust development. The factors have been integrated in a model of trust development in an international strategic alliance. This model has been verified by case studies, where companies from Dutch-Korean strategic alliances have been interviewed.

Trust development in an international strategic alliance is a complex process with several antecedents. The model contains five main factors: 'general trust', 'attraction', 'factors of trustworthiness', 'partner specific trust' and 'trust behavior'. These main factors are influenced by independent variables like 'strategic alliance type', 'experiences same continent', 'country-of-origin effect', 'trust related risks' and 'cultural differences'. The trust process contains mutuality, which means that the trust development process of the company is related to the trust development process of their partner and the other way around.

The relevance of each factor of the model is situation dependent. However, it turned out that two factors overwhelm other factors: 'experiences same continent' and 'attraction'. Through 'experiences' companies know what to expect and how to behave. 'Attraction' reduces risk and enhances openness, which reduce the risk of opportunistic behavior and in this way it enhances trust. 'Attraction' turned out to be the main factor for trusting the partner in the startup stage of the alliance and in some cases an important factor for trust during the whole cooperation.

This research also aimed to research the influence of culture on trust development. It appeared that 'cultural differences' might play a negative role on trust development. Companies can minimize this influence, by gaining knowledge about the culture of the partner and taking 'cultural differences' into account. Taking the factor 'cultural differences' into account is easier if a company has experience with similar cultures. In this perspective 'experiences same continent' overwhelm the influence of 'cultural differences' on trust development.

The model gives insights in the general process of trust development in an international strategic alliance, but the model needs to be adapted to each strategic alliance. The model shows the relevant factors, but in some cases some factors wouldn't be important at all. 'Experience same continent' and 'attraction' turned out to be of importance to reduce the influence of negative factors of trust. However, trust development is also possible without these two factors. The important factors 'experiences same continent' and 'attraction' are especially important in the beginning of the strategic alliance. When a relationship continues the interaction with the partner will become more important while other factors become less important.

Companies need to appreciate the crucial role of trust and pay attention to the development of trust in their strategic alliance. The model of trust development in international strategic alliances helps to understand the development of trust. By studying the model, managers are aware of the influencing factors and can adapt their behavior or know what to expect. The model shows trust development in an international context, but is also useful for strategic alliance within in a country. Cultural differences do not only exist on national level, but also organizational cultures may differ. In this perspective the model is useful for every company in a strategic alliance.

Preface

Trust plays a role in several relationships and is hard to define. A lack of trust can cause a lot of problems. The complexity and importance of trust attracted me to do a research for my master thesis. Thinking about the research I often thought about trust in my own private and business relationship, which made it even more interesting. A lot of questions came up: why did I trust some colleagues more than others? Why did I trust this person at first site? To whom will I tell my secrets and why? How did trust develop in this friendship?

Beside my interesting research, I was very happy with the location of my internship; the Netherlands Embassy in South Korea. During my stay I learned a lot about the work at the embassy, international cooperation and working with colleagues from a different culture. I appreciated the freedom and trust I got as an intern. The open culture at the embassy led to a feeling that I could ask for help if necessary, but also be critical when I had a different opinion. Especially I would like to thank Karin Jager, who I could always turn to if I had a problem and provide me with useful advices. I also want to thank Peter Wijlhuizen as sparring partner and the one who thought along with my research.

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1. Introduction

1.1. Background

Alliances between companies are becoming more and more important for ensuring competitive advantage in the market (Parkhe, 1998). Using collaborations, companies are able to cope with rapid changes in the global competitive environment as well as with resource constraints (Das & Teng, 1998). In a strategic alliance, companies are independent but have to hand in some independency for the collaboration. Joint ventures, minority equity stake, coproduction and joint research and development are some forms of strategic alliances (Das & Teng, 1998; Parkhe, 1998). Although strategic alliances are popular, many alliances do not succeed because of different expectation or other reasons. A report (Kok & Wildeman, 1999) showed a failure rate for business alliances at up to 60-70 percent. Because strategic alliances involve two or more independent partners, good cooperation is vital to their success (Doz, 1996).

Researchers (Girmscheid & Brockmann, 2010; Parkhe, 1998; Peng & Pleggenkuhle-Miles, 2009; Rousseau, Sitkin, Burt, & Camerer, 1998) agree that 'trust' is important for good cooperation and especially in a strategic alliance, where companies stay independent. Trust is the willingness of a party to be vulnerable to another party based on the expectation that the other will perform a particular action (Mayer, et al., 1995). Some researchers label trust as the variable with the strongest influence on a business relationship. For example Kouzes and Posner (2002) observe *'at the heart of collaboration is trust. It's the central issue in relationship within and outside organizations'*(Kouzes & Posner, 2002, p. 244). Trust and cooperation influence each other; cooperation can breed trust and trust influence the quality of cooperation.

Trust is viewed as an important source of competitive advantage, because it lowers transaction costs, facilitates investments in relationship assets and leads to superior knowledge-sharing routines (A. Zaheer, McEvily, & Perrone, 1998). Knowledge exchange can be a key factor for a success of a partnership and Lane et al. (2001) claim that trust between companies is the main factor in speeding up knowledge transfer from one firm to another. Trust is influencing knowledge transfer in three ways; it reduces possibilities of opportunistic behavior, it reduces the chance for potential conflict and trust able the companies to remove safeguards to protect themselves for the other firm (Barringer & Harrison, 2000).

Trust development can easily be disturbed in different ways (Rousseau, et al., 1998). Before an alliance is established it is possible to question the reliability of the other party. Once the alliance is started the question is if the other party will behave like she should (Lewicki, Tomlinson, & Gillespie, 2006). The first question at the start of the alliance is whether the other party has the technical, behavioral and personal competences in order to comply her part of the agreement (Argandona, 1999). Another issue, which may affect trust development, is the perception of trust. One party may think that he is acting in favor of trustworthiness, but another party can perceive it differently. This may cause a disturbance in building trust and consequently a negative development of trust. Perception of trustworthy behavior depends upon the societal norms and values that guide people's behavior and beliefs (Luo, 2008).

Norms and values are results of a culture and in this perspective culture may influence the perception on trust and even whom to trust (Doney, Cannon, & Mullen, 1998). In Asian societies trust is important in every relationship and trust arise from long-term relationships or on the assumption that characteristics such as common family background, religion or ethnicity can be taken as good reasons to trust (Lin & Wang, 2008). Asian countries are often characterized by a low-trust society, which means they have less trusting attitudes toward out-group than in-group members. Western countries are often high-trust societies, which mean in general that everyone will be trusted (Bstieler & Hemmert, 2010). Cultural

differences play also a role in the degree of formal rules and therefore influence trust. In most Western cultures, organizations rely on regulations and contracts to avoid the risks of trust. But companies in Asian cultures often rely on oral commitment and less depends upon legal contracts. This difference in a strategic alliance may result in misunderstanding and a lower degree of trust (Wang, 2007).

These cultural differences become more and more important due to increasing global integration and consequently more Western-Asian business relationships. The influence of differences between Asian and Western cultures has often been the topic of discussion (Brown, 2008; Hofstede, 2007; Magnusson, Baack, Zdravkovicc, Staub, & Amine, 2008; McDonald & Kan, 1997; Ryan & Louie, 2007). Due to the economic growth, Asian countries play an important role in global business nowadays. The 'Five East Asian Dragons' show average annual-growth percentages over a 20-year period of 7.6% for Singapore, 7.2% for Taiwan, 6.6% for South Korea, 6.1% for Hong Kong, and 4.7% for Japan. These growth percentages compare with rates of Western countries: 1.18% for Germany, 1.6% for Britain, 0,61% for the Netherlands, 2.4% for Canada and 1.7% for the United States ("World development report 2010," 2010). The growth of East Asian countries creates not only an opportunity for new markets for Western companies, but also new strategic alliances with Asian partners.

This research focused on strategic alliances between a company from a Western country, The Netherlands, and a company from an Asian country, South Korea. South Korea and the Netherlands have a close economic relationship. In 2009 was The Netherlands the 3rd largest investor in South Korea and the 6th country for direct investment from South Korea. The Dutch import from South Korea of 4.5 billion USD has made the Netherlands the 2nd largest importer of Korean products among EU countries (CBS, 2010; Eximbank, 2010; KITA, 2010). These two countries are similar on the one hand, but different on the other hand. The Netherlands and South Korea are both relative small countries on their continent from a geographic perspective, but 'big' countries from an economic perspective. Both countries are well known as developed, technology-advanced countries and highly dependent on trade. On the other hand is the Netherlands a democratic country since 1922 and South Korea only since 1987 (Levinson, 2002; The world factbook," 2010). Nowadays the Netherlands gets the highest score on 'political rights' and 'civil liberties', whereas South Korea gets the highest score on 'political rights' but not on 'civil liberties' ("Freedom in the world 2010," 2010). But perhaps the most influential difference on Korean-Dutch relations will be the cultural differences. Korea has a typical Asian culture and highly influenced by Confucianism, where hierarchy and interdependency is of great importance (Hofstede & Bond, 1988; Kwon, 2008). Netherlands is well known as an open, tolerant country, where interdependency and equivalence is of importance (Cohen-Almagor, 2001).

Although a lot of research has been done about the role of culture in strategic alliance relationships, less is known about how trust develops in an alliance between companies from different cultures. In this research the development of trust in a strategic alliance between a firm from a European (western) country and a firm from an Asian country will be investigated. The theoretical contribution of this research is to present how trust develops in a strategic alliance with two totally different cultures. The practical relevance consists of the factors influencing trust, which can be taking into account for future cooperation's.

1.2. Research question

Strategic alliances are becoming more and more important for companies, but achieving a good successful strategic alliance is not simple. Authors agree that trust is of importance in a strategic alliance, but how trust develops in an international strategic alliance have not been discussed. Research about international cooperation's between company's focuses in general on the influence of cultural difference on a strategic alliance. A lot of research has been done about cultural differences and collaboration performance, but

these results are contradictory. Sim & Ali (1998) investigate the influence of culture on joint ventures and the study found no significant effect on joint venture performance. The studies of Morosini, Shane & Singh (1998) and Li & Guisinger (1991) show a negative influence of cultural differences on collaboration. However Franko (1971) and Li, Lam & Qian (2001) did not find any relationship between cultural differences and performance of collaboration. Ambiguities exist about the influence of cultural differences on collaboration between companies, but the influence of cultural difference on trust development in an international strategic alliance is not been researched at all. Beside cultural differences, other international factor may also play a role in international cooperation's, which is even not been researched at the moment. A lot of research is done about the topic of trust and it is still a complex construct. Because of the complexity of trust no universally accepted definition exists and researchers doesn't agree about the factors influencing trust development. Some researchers state the behavior of the partner is the most important factor for trust development. Others claim that the existence of control systems influence the development of trust (Argandona, 1999; Lewicki & Bunker, 1996).

The objective of this research is to obtain insights into the development of trust in a multicultural strategic alliance. In view of this objective the following research question will be answered in this research:

How does trust develop in an international strategic alliance?

2. Trust development in strategic alliances

This chapter contains the theoretical base for the model of trust development, which will be developed. In this part, literature will be elaborated regarding the three relevant topics: strategic alliance, trust and cooperation across borders. To find literature the web of science database will be used and the relevance of articles will be selected by a combination of most recent articles and the times cited. Keywords which have been used to search for literature about strategic alliance are: 'international strategic alliance', 'strategic alliance' + 'model', 'cooperation' + 'model', 'strategic alliance' + 'literature review'. To find literature about trust the following keywords have been used: 'strategic alliance' + 'trust', 'models' + 'trust', 'types' + 'trust', 'indicators' + 'trust', 'antecedents' + 'trust', 'trust' + 'development'. Literature about cooperation across borders have been found by using the following keywords: 'cultural distance', 'strategic alliance' + 'culture'. After selecting articles based on keywords, times cited and year of publication, the abstracts of articles will be read to make a more narrow selection. For the last selection round articles will be read totally. Based on the literature research a model has been developed. The model shows the factors influencing trust development in strategic alliances crossing borders.

2.1. Strategic alliance

Trust development in this research occurs in the context of a strategic alliance. In this section strategic alliance will be defined and different types of strategic alliance will be discussed and linked to trust development.

2.1.1. Defining strategic alliance

Many terms have been used to describe a relationship between two organizations collaborating for strategic reasons: strategic alliances, strategic partnerships, collaborative arrangements and cooperative agreements (Spekman, Forbes, Isabella, & MacAvoy, 1998). These terms are often used interchangeably. However, we use the term strategic alliance, which no single definition exists. Lorange et al (1992) defined strategic alliance as a *"parenting relationship where two organizations come together to give birth to new products, technologies or research"* (p. 10). Another definition which is commonly used describe strategic alliance as a transition mechanism propelling the partners' strategy forward in a turbulent and uncertain environment (Lei, Slocum, & Pitts, 1997). Some use the term 'long term aspect' in their definition like Spekman et al. (1998, p. 748): *"a strategic alliance is a close, long-term, mutually beneficial agreement between two or more partners in which resources, knowledge, and capabilities are shared with the objective of enhancing the competitive position of each partner."* Forrest (1996) contradicted that a strategic alliance only is about long term agreements, short term agreements can also be a strategic alliance. In this research we use the definition of Das & Teng (1998), which is also not referring to the time span of a strategic alliance *"inter-firm cooperative arrangements aimed at achieving the strategic objectives of the partners"* (Das & Teng, 1998, p. 491). Because varied definitions of strategic alliances exist, we define strategic alliance by following four characteristics:

- An alliance operates across the boundaries of a firm,
- There must be some input of resources from all partners,
- The alliance can be defined in real time or until certain goals are reached,
- An alliance will be defined to achieve certain goals, but the partners can have different views of the goals (Buckley, Glaister, Klijn, & Tan, 2009).

A strategic alliance has to bring a clear benefit, because it takes time and risks of conflicts have to be taken into account. As described in the definition and its characteristics, a strategic alliance is defined to achieve objectives. The following objectives for strategic alliances are found throughout the literature: competitive advantage, specialization and learning.

Alliances are used to get a better competitive position, but some alliances are designed to foil the competitor. A firm can cooperate with a competitor to erode the competitive strength of other more dominant competitors (Bucklin & Sengupta, 1993). Another possibility to strengthen the competitive position of the firm is to cooperate with another firm and set a new industry or product standard. Other competitive reasons for an strategic alliance are gaining economies of scale, sharing financial risk of technology or access to a new market (Spekman, et al., 1998).

Specialization is the act of specializing to make something suitable for a special purpose (Holmes & Schmitz, 1990). A combination of resources, skills and knowledge leads to value creation. Sometimes bundling the resources with another firm can create even more value creation. A strategic alliance can create opportunities in new markets, because of the knowledge of the other firm (Lorange, et al., 1992).

To survive firms need to learn from their environment to renew their processes and products. Alliances are sometimes designed to get certain competences in the firm. Collaboration can provide an opportunity for a firm to internalize the skills of the other firm and improve its position (Hamel, 1991).

2.1.2. Types of collaboration

Collaboration types based on trust reliance

Ring & Vandeven (1992) distinguish four types of collaborations, based on the risk involved and the reliance on trust among partners: market-based, hierarchy-based, recurrent contract-based, relational contract-based collaboration.

	Level of Risk	
Level of reliance on trust	<i>Low level of Risk</i>	<i>High level of Risk</i>
<i>Low level of reliance on trust</i>	Market	Hierarchy
<i>High level of reliance on trust</i>	Recurrent contract	Relational contract

Table 1 Typology of governance structures (Ring & Vandeven, 1992, p. 490)

Market-based collaborations are no unique relations between legally equal and free partners. Both parties are highly autonomous and relationships are short-term. The agreement is clear, complete and monetized and consequently the risk involved is low and trust is not that important. In contrast to market-based collaboration, hierarchy-based collaboration occurs in uncertain situations. Problems can be solved quickly because on party takes the decision and it's often about unique products. Recurrent contracts involve repeated exchanges of assets that reduce the transaction specificity. The relationships are relatively short-term and the parties are autonomous and equal. Relational contracts involve also autonomous and equal parties, but it is more aimed at the long-term. It entails highly specific investments that cannot be fully controlled by the parties. Based on the model of Ring & Vandeven (1992) the case studies in this research have been selected, which will be more elaborated at methodology section.

Collaboration types based on dependence and depth

Sheppard & Sherman (1998) believe that risk is the basis of how people do and think about trust, but that risks varies distinctly as the type of relationship varies. Trust is not a singular construct but it has different forms that vary as a function of the nature and depth of the interdependence in a relationship. In a relationship with a high level of dependency the trustor have to deal with different risks as in a relationship with a low level of dependency. If the trustor is highly dependent on the other party, risk of unreliability appears and trust will increase if the other party behaves in a reliable way. In a low dependence relationship the risk of poor coordination appears, and trust increases when the other party behaves in a way that coordination is going well (Sheppard & Sherman, 1998).

Relationships vary in terms of form and depth. Forms are the interdependence in a relationship and depth is the product of the range, number of points of contact among partners and the importance of the relationship to the firm (Sheppard & Sherman, 1998). Based on the form and depth of a relationship Sheppard & Sherman (1998) designed a model with four forms: shallow dependence, deep dependence, shallow interdependence and deep interdependence.

Shallow dependence contains a high level of dependence and less depth of the relationship. This relationship entails two risks: the risk of unreliability and the risk of indiscretion. The risk of unreliability is a concern that the other will not behave as expected and the risk of indiscretion is when the trustor assumes that the other party does not share information. Deep dependence shows a high form of dependence and a high level of depth and it is associated with several risks. The risk of cheating is based on the idea that one party has more knowledge than the other and may cheat the other party. Another risk is that one's interests are neglected or even abused, for example if the other firm exact additional costs (Sheppard & Sherman, 1998).

Shallow interdependence describes a low form of dependence and less depth of the relationship. In this kind of relationship both parties should invest in good coordination to achieve goals. The risk exists that coordination will not occur well enough. Deep interdependence has the same form of dependence as shallow interdependence, but more depth in a relationship. This relationship has the risk that one will not be able anticipate the other's needs or actions (Sheppard & Sherman, 1998).

	Level of Depth	
Form of dependence	Low level of depth	High level of depth
<i>Dependence</i>	Shallow dependence	Deep dependence
<i>Interdependence</i>	Shallow interdependence	Deep interdependence

Table 2 Relationship forms (Sheppard & Sherman, 1998)

Regarding to these types of relationships, trust is the acceptance of the risks associated with the types of relationships described above. Therefore if the relational form can be specified, you can anticipate on the associated risks. To reduce risk in a shallow dependence relationship, it is important to select partners based on their reliability, discreet behavior and competences in the past. For the deep dependence risks (cheating, neglecting and abusing) the mitigating attributes are honesty, integrity and benevolence. To temper the risks of poor coordination in a shallow interdependence relationship, the partner has to be predictable, consistent and transparent. For deep interdependence it is of importance to foresee what action the partner would take in certain situations. Therefore empathy and intuition are important.

Several models of strategic alliance exist, but the model of Sheppard & Sherman (1998) is most applicable to this research. This model can be related to the importance of the different 'factors of trustworthiness' in our model of trust development (Figure 5), which will be explained in the next section.

2.2. Trust

The main topic of this research is trust development. In this section, models about trust will be elaborated and integrated. First of all trust will be defined by discussing different definitions and the importance of trust will be discussed. In the literature different typologies of trust have been proposed and it will be decided which typology will be used in this research. Then the most applicable trust development models will be discussed and integrated. At the end of this section a trust model will be presented, which will be the foundation for the model of trust model presented at the end of this chapter.

2.2.1. Defining Trust

Although a lot of research is done about the topic of trust, it is still a complex construct (Lewicki, et al., 2006). Because of the complexity of trust no universally accepted definition exists. A lot of different definitions are used in previous research, but it often includes the concepts of 'vulnerable' or 'expectation'. Vulnerability is the risk of losing something of value. If a relationship is important to one party, the magnitude of this loss from untrustworthy behavior is much greater than the gains from trustworthy behavior. Trust is based on the expectation that the other party will behave in a certain way. The better the match between expectations and past outcomes, the more confident a firm can be in believing that its partner will follow through on its current promises (Parkhe, 1998). Beside vulnerability and expectation also dependability is often used as a characteristic of trust.

Author (s)	Definition of trust
Sabel (1993, p. 1133)	<i>"Trust is the mutual confidence that no party to an exchange will exploit another's vulnerabilities."</i>
McKnight, Cummings, & Chervany (1998, p. 474)	<i>"Trust is that one believes in, and is willing to depend on, another party."</i>
Das & Teng (1998, p. 492)	<i>"Trust is the willingness of a partner firm to pursue mutually compatible interests in the alliance rather than act opportunistically."</i>
Sheppard & Sherman (1998, p. 422)	<i>"Trust is accepting the risks associated with the type and depth of the interdependence inherent in a given relationship."</i>

Table 3 Definitions of trust

The most complete and most frequently cited definition will be used: *"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"* (Mayer, et al., 1995, p. 712).

2.2.2. Types of trust

Authors use different typologies of trust and use different antecedents to differentiate trust. The types of trust of several authors are discussed in this section. At the end of this section the different typologies are integrated. It will be explained how the different types of trust and their definitions have been used in this research.

Roughly two types of trust can be distinguished: general trust and relational trust (Couch & Jones, 1997). General trust refers to individual's orientation toward other people in general, which is based on character and experiences with people in the past. Relational trust differs from general trust in that it is focused on a specific partner with whom a person has a relationship (Rempel, Ross, & Holmes, 2001). It refers to the

level of trust in the strength of a relationship and the trustworthiness of a specific partner (Couch & Jones, 1997).

Relational trust can be split up in trust belief and trust behavior (Robson, Katsikeas, & Bello, 2008). Trust belief is referring to if the other party is perceived as benevolent, competent and honest (McKnight, et al., 1998) and has two types: calculative trust and affective trust. Calculative trust is based on good reasons, for instance costly sanctions or potential rewards (Robson, et al., 2008). This is similar to cognitive-based trust proposed by McAllister (1995), which has been described as that a party chooses his partner because he is considered trustworthy based on good calculative arguments. The other 'trust belief' type, affective trust, is a form of loyalty to the other party, which results in norms and ethics. McAllister (1995) described this kind of trust as the emotional bond between individuals, where concern for the welfare of the partner is important and good actions will be reciprocated. According to Robson et al. (2008) trust behavior can be split up in influence receptiveness and forbearance. Influence receptiveness is referring to the degree a party is changing its behavior to accommodate the desires of the other party. The other type of trust behavior, forbearance, is the party is *"acting in the spirit of cooperation without cheating or withholding actions helpful to the counterpart"* (Robson, et al., 2008, p. 649).

The typologies of Shapiro et al. (1992) and Lewicki & Bunker (1996) distinguish types of trust based on calculative reasons, therefore the typologies can be placed as subtypes of calculative trust. Shapiro et al. (1992) distinguish deterrence-based trust, knowledge-based trust and identification based trust. Deterrence based trust is based on the idea that the other party will keep its word: *"when the potential costs of discontinuing the relationship or the likelihood of retributive action outweigh the short term advantage of acting in a distrustful way"* (Shapiro, et al., 1992, p. 366). Trust is sustained, because of the consequences of not maintaining the trust. Lewicki & Bunker (1996) split trust in types similar to Shapiro et al. (1992) , but deterrence-based trust is replaced by calculus-based trust. This type of trust is not only about of the consequences of not continuing trust, but also about the benefits of the relationship with the other party. Knowledge-based trust occurs when the party has enough information about the other to predict the behavior of the other party. This trust strengthens the foundation of deterrence-based trust and builds its own basis of trust by enhancing knowledge and predictability of the other. Finally, identification-based trust, which results when *"each party has fully internalized the other's preferences, so that one party may serve as the other's agent, with the other being confident that her interests will be fully protected"* (Fisman & Khanna, 1999, p. 80). This type of trust occurs when parties integrate more and more; they create joint products, take a common name, share common values etc (Lewicki & Bunker, 1996; Shapiro, et al., 1992). Lewicki & Bunker (1996) link the types of trust to stage of the development of trust; it starts with calculus-based trust, develops to knowledge-based trust and finally reach identification based trust. Trust can develop into a higher stage, but when a party is not behaving trustworthy trust is declining to a lower stage is also possible. If a relationship reaches the last stage, the previous stage stays important to the relationship (Lewicki & Bunker, 1996).

The different types of trust will return in the next section in which different models of trust development will be discussed. This research is about the development of relational trust, but in the next section it will be explored that general trust influences relational trust and in this way it plays a role in this research. Furthermore the research will focus on the level of trust belief and trust behavior. The subcategories of trust belief and trust behavior will be used to further explain the relations between the different factors in the model of trust development.

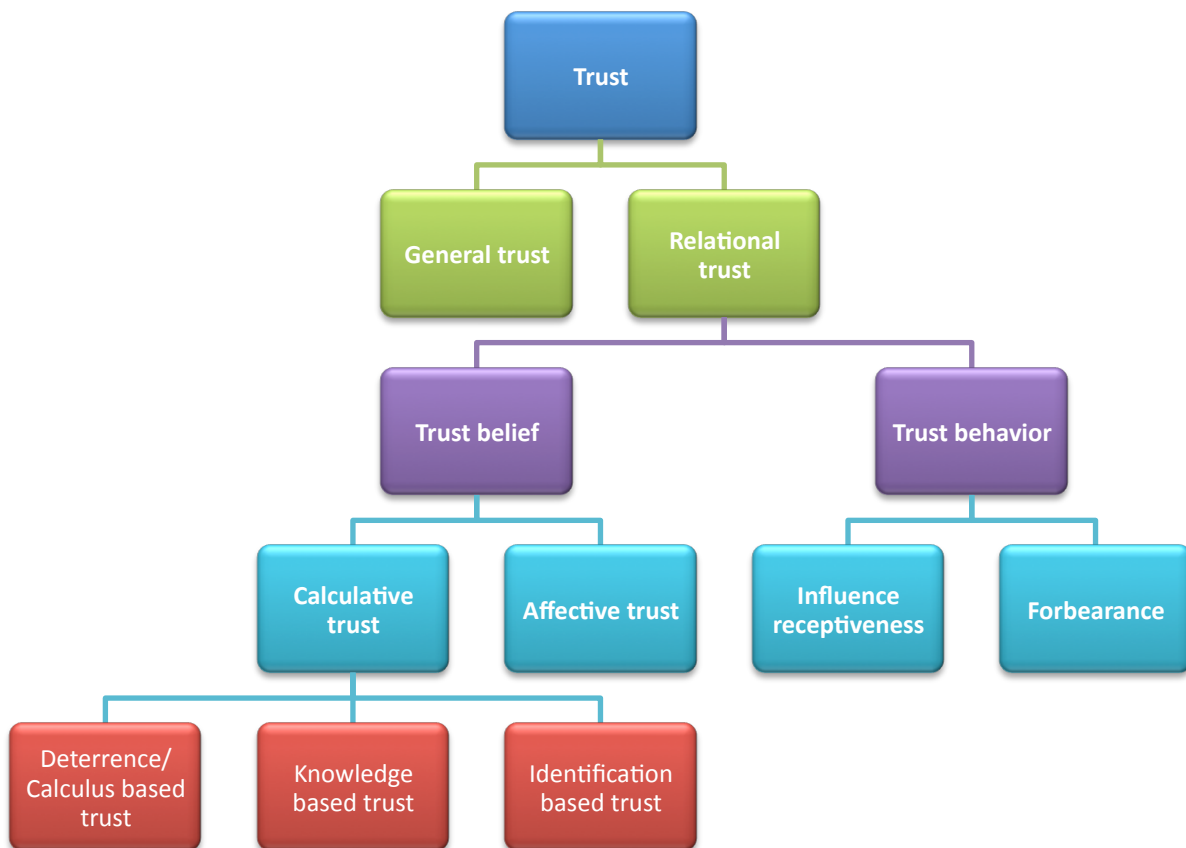


Figure 1 Model of trust types

2.2.3. Models of trust development

Mayer et al. (1995) designed the most well-known and influential model, based on characteristics from the company (trustor) and partner (trustee) that lead to trust. These characteristics of both parties lead to trust and trust would lead to risk taking behavior, which is influenced by the perceived risk. The outcome of this behavior will influence the factors of trustworthiness again and the circle starts again (Figure 2).

‘Factors of trustworthiness’ refer to the characteristics of the trustee (partner), which have been discussed in several trust models. Some authors identify a single characteristic leading to trust, while others propose ten characteristics of a party leading to trust (Butler, 1991; Johnsongeorge & Swap, 1982). Mayer et al. (1995) identify three groups of ‘factors of trustworthiness’: ability, benevolence and integrity. Ability is *“that group of skills, competencies and characteristics that enable a party to have influence within a specific domain”* (Mayer, et al., 1995, p. 717). A person may be competent in a technical area, which leads to trust of the other party on tasks related to that area. The same person may be less competent in communication. The person will be trusted in technical areas, but less trusted in situations where communication is important. Benevolence, another characteristic of the trustee, refers to *“the extent to which a trustee is believed to want to do good to the trustor, aside from an egocentric profit motive”* (Mayer, et al., 1995, p. 718). Benevolence is the perception of positive behavior of the trustee toward the trustor (company). The trustee is acting in a certain way to the trustor although it is not required and no reward exists. The last factor of trustworthiness, integrity, involves *“the trustor perception that the trustee adheres to a set of principles that the trustor finds acceptable”* (Mayer, et al., 1995, p. 719). A person who follows a set of principles refers to personal integrity. However, if the trustor does not accept the set of principles, the trustee will not be considered to have integrity. Whether the trustee is considered as

trustworthy depends on the score on each single factor. If the trustee has a high score on all three factors, the trustee will be considered as trustworthy. It depends on the propensity of the trustor how low the score on each single factor may be to be considered as trustworthy. The propensity of the trustor also may influence that one factor is more important than another, for instance a high score on ability is more important than a high score on integrity (Mayer, et al., 1995).

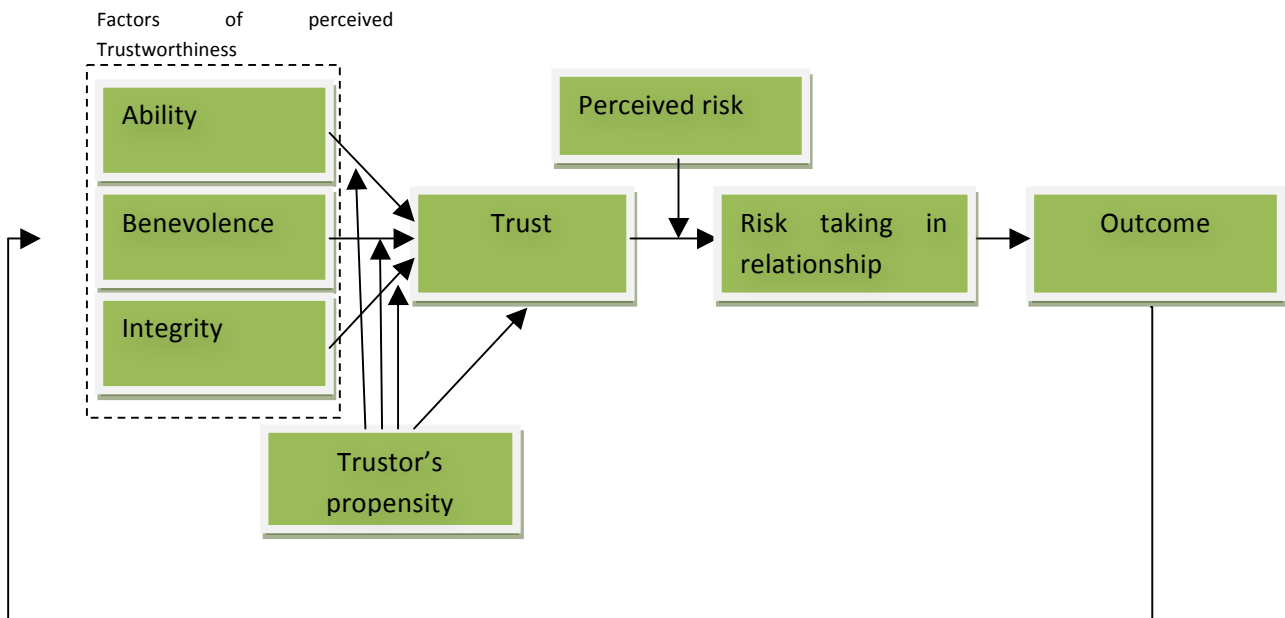


Figure 2 Model of trust development (Mayer, Davis, & Schoorman, 1995, p. 715)

To trust another party the trustor needs some ‘propensity to trust’, which means the general willingness to trust others. ‘Propensity of trust’ will influence how “*much trust one has for a trustee prior to data on that particular party available*” (Mayer, et al., 1995, p. 715). The propensity of trust varies by different developmental experiences, personality and cultural background. Some people trust others in situations most people would not trust and the other way around. Propensity to trust is similar to ‘general trust’ of Couch & Jones (1997) or ‘disposition of trust’ from McKnight et al. (1998).

‘Trust’ is the result of ‘factors of trustworthiness’ and ‘propensity to trust’ and leads to ‘risk taking in relationship’. Risk taking in relationship refers to the behavior of the trustor. The relationship between ‘trust’ and ‘risk taking in relationship’ is influenced by the factor ‘perceived risk’. A trustor has to take a risk when he’s behaving based on his trust (Mayer, et al., 1995). The difference between ‘trust’ and ‘risk taking in relationship’ is between the willingness to assume perceived risk and actually assuming risks. In other words, the trustor’s behavior (risk taking in a relationship) is based on his ‘trust’ and ‘perceived risk’.

The factor ‘outcome’ is a result of the consequences of ‘risk taking in relationship’. When a trustor risk taking behavior leads to a positive ‘outcome’, the trustor’s perception of the trustee will be enhanced. The other way around; the perception of the trustee will decline when the ‘outcome’ is unfavorable. The outcome leads to an update of the factors of trustworthiness and the process starts over again (Mayer, et al., 1995). ‘Risk taking in a relationship’ and ‘outcome’ is consistent with ‘trust behavior’ of Robson et al. (2008).

The model of Mayer (1995) lay the foundations of our model of trust development, because it is based on the characteristics of the trustor and trustee which are the main antecedent of relational trust (Ferrin, Bligh, & Kohles, 2008; Girmscheid & Brockmann, 2010; Moorman, Deshpande, & Zaltman, 1993; Parkhe,

1998). The elements ‘factors of trustworthiness’, ‘perceived risk’, ‘propensity of trust’, ‘trust’ and ‘risk taking in a relationship’ will be used in the model of trust development designed at the end of the theoretical section (page 24).

Although the model of Mayer et al. (1995) was the most influential one in the past decades in the area of trust, but it has two weaknesses: a lack of specification of the factor ‘outcome’ (Burke, Sims, Lazzara, & Salas, 2007) and the relational context. The ‘outcome’ could either be positive or negative, but Mayer et al. (1995) does not define the factor itself. In this research, trust is examined in a relational context but this is missing in the model. The definition of trust (section 2.2.1) includes the behavior of the partner, but it is not mentioned in the model. Although Mayer et al. (1995) did not mention it, outcome is likely referring to the behavior of the partner. The definition of the three factors of trustworthiness (ability, benevolence, integrity) refers to perceived behavior of the partner. To determine the factors of trustworthiness, the behavior of the partner is required. In this perspective, ‘outcome’ should be replaced by a factor referring to the behavior of the partner. In this respect we discuss the mutuality model of trust, proposed by Ferrin et al. (2008).

Ferrin et al. (2008) introduced the mutuality characteristic of trust. Mutuality suggests “that one party’s trust perceptions and/or cooperation may be affected by the others” (Ferrin, et al., 2008, p. 162). Ferrin et al. (2008) show this mutuality in spiral models. In these models perceived trustworthiness is used and this is a key cognitive predictor of trust. Researchers from diverse fields agree that trust develops through repeated social interactions that enable people to update their information about others ‘trustworthiness’(Mayer, et al., 1995).

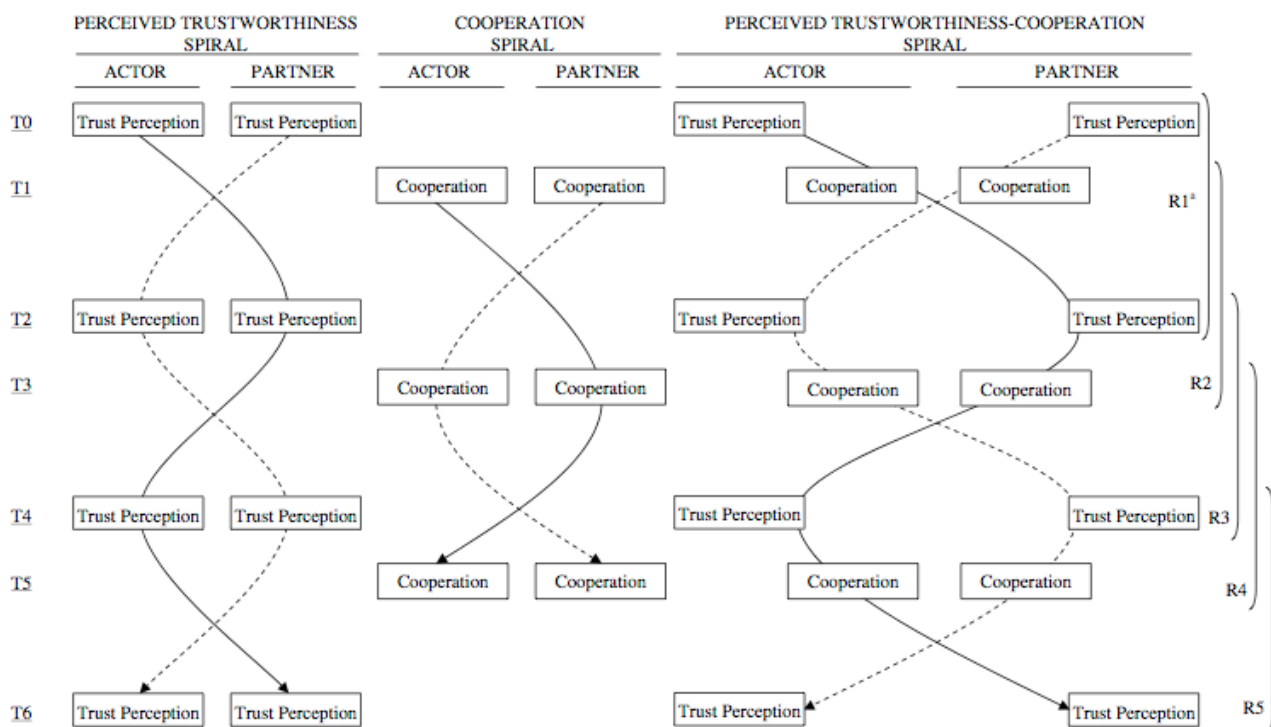


Figure 3 Perceived trustworthiness and cooperation spirals (Ferrin, et al., 2008, p. 162)

The ‘perceived trustworthiness’ spiral model shows how mutual trust perceptions develop. In the spiral first rotation the perception of the actor (company) that the partner is trustworthy causes the partner to perceive the actor as trustworthy. Simultaneously the partner’s perception that the actor is trustworthy

triggers the actor to perceive the partner as trustworthy. These enhanced levels of trust become the starting level for the next rotations of the spirals. In this model the starting level of trust is important, because if it is low a downward spiral is predicted.

The second spiral model is about the development of mutual cooperation. Companies can either be cooperative or competitive to each other. In the first rotation of this spiral the actor reacts cooperatively to the cooperative behavior of the partner. At the same time the cooperative behavior of the actor causes cooperative behavior of the partner. This model assumes that parties imitate each other's behavior.

The last spiral incorporates the perceived trustworthiness spiral and the cooperation spiral. In the first rotation, the actor's positive trust perception of the partner causes cooperative behavior of the actor. The partner receives the cooperative behavior of the actor and consequently perceives the actor as more trustworthiness (Ferrin, et al., 2008). Research of Ferrin et al. (2008) shows that influencing of each other's trustworthiness is always indirect, own perceived trustworthiness is influencing the other's perceived trustworthiness via own cooperation, like the perceived trustworthiness-cooperation spiral.

The model of Ferrin et al. (2008) contains not only similar factors as the model of Mayer et al. (1995), but also accomplish it. 'Trust perception' of the model of Ferrin et al. (2008) is equal to 'factors of trustworthiness' and 'trust' of the model of Mayer et al. (1995) and 'cooperation' of the model of Ferrin et al. (2008) is comparable with 'risk taking in relationship' of the model of Mayer et al. (1995). The model of Ferrin et al. (2008) provides the mutuality aspect in the model of trust development. The 'outcome' of the trust model of Mayer et al. (1995) is replaced by the mutuality of model of Ferrin et al. (2008); 'risk taking in relationship' of company A leads to the 'factors of trustworthiness' of company B.

2.3. International factors

In this section the influence of culture on trust development will be elaborated. The trust development in this research takes place in a relationship between two parties of two different countries. Although also other national differences may play a role (Brewer, 2007; Dow & Ferencikova, 2010), the focus of this research is on cultural differences. First of all previous research national differences turn out to be of influence to country selection for a new market, whereas cultural differences turn out to be of influence on strategic alliances between two companies. Secondly this focus is based on the fact that asking respondents about national differences, all respondents referred in their answer to cultural differences. The strategic alliance in this research deal with two different national cultures and although cultural differences within countries exist and cultural boundaries between nations are becoming blurred (Fukuyama, 1995), this research focus on national culture.

2.3.1. Cultural influence on trust

When a company decides to cooperate with another firm abroad, he will face challenges concerning language differences, cultural patterns, legal rules, institutional environment and the power structure of other economies. Differences between countries ensure different behaviors but also different perceptions (Tanure, Barcellos, & Fleury, 2009). Perception of trust differ across cultures; *“what trust means, when it matters, the objects of implicit trust – all may vary across national contexts”* (S. Zaheer & Zaheer, 2006, p. 22). Culture influence norms and values, which results in the decision whom to trust (Doney, et al., 1998). Trust may especially play an important role in international cooperation. Trust is important *“whenever there exist uncertainty, vulnerability and an absence of total control”* (Parkhe, 1998, p. 237). Uncertainty often exists in an unknown environment (Barringer & Harrison, 2000), which is the case when a company is dealing with a country different from his own country of origin. This implies a higher level of importance of trust in an international strategic alliance than in a strategic alliance within a country. Beside the importance of trust, the level of trust is also influenced when a company decides to cooperate with a company from a different country. According to Parsons (1978), we only trust in people who share the same goals and values. This implies that trust doesn't exist between different cultural groups, because they do not share the same values (Girmscheid & Brockmann, 2010).

Culture may influence trust into a partner, but culture may also influence the development of trust during cooperation. A research showed that partners with similar national cultures show greater levels of trust and commitment than partners with different national cultures (Mehta, Larsen, Rosenbloom, & Ganitsky, 2006). Big differences between national cultures means greater risk and this may reduce the amount of knowledge sharing to avoid these risks (Kogut & Singh, 1988). Cultural differences as concept has been used in different cross-cultural research in order to assess differences between two national cultures (Shenkar, 2001). Cultural differences refer to the extent to which the members of two groups differ on their shared values, norms, beliefs and assumptions that help them organize and structure the world (Roberts & Helson, 1997).

In the last decennia a lot of research about national cultures have been accomplished (Lytle, Brett, Barsness, Tinsley, & Janssens, 1995), but the research of Hofstede (1980) gathered the most attention (Sivakumar & Nakata, 2001). Other researchers used the model of Hofstede (1980) for their own research or criticized the model. Beside supporting reactions on Hofstede's model (1980), the model is criticized mainly because of the argument that nations are not a proper unit to measure cultural differences (Sivakumar & Nakata, 2001). Beside the fact that the model is also supported and used by a lot of researchers, the model is suitable for this research because the unit of analysis is nations. Two dimensions of the framework of Hofstede (1980) are selected, which showed difference between the Korea and the

Netherlands. The dimension 'communication' is added, because good communication and information sharing is of importance to secure trust (Brunetto & Farr-Wharton, 2007) and differences in culture may hinder information sharing (Magnusson, et al., 2008). In the next paragraph the dimensions will be elaborated and explained in the case of Korea and the Netherlands.

Individualism can be defined as "*the degree to which people in a country prefer to act as individuals rather than as members of groups*" (Hofstede, 1994, p. 6). Korea was found to be more collective and the Netherlands more individualistic (Hofstede, 2001). Asian countries in general are described as collective cultures (Huff & Kelley, 2003; Lin & Wang, 2008; Ng, Lau, & Nyaw, 2007) and also Korea is described as a typical collective country (Kwon, 2008). Huff & Kelley (2003) show in their study that organizational trust depends on whether the organization is from a collective culture or individual culture. Organizations from a collective culture have less trust in external partner organizations than organizations from individualistic culture. The propensity of trust is also higher in organizations from an individualistic culture than a collective culture (Huff & Kelley, 2003). Trust in collective countries arises from long-term relationships (process-based trust) or either similar characteristics as common background, religion or ethnicity (character-based trust) (Zucker, 1986). Trust in Asian countries often relies on oral commitment and less on legal contracts. Behavior in the past is important and keeping promises are more important than legal contract (Wang, 2007).

Power distance is the extent to which it is accepted that power in organizations is distributed (Hofstede, 1980). Korea showed a high power distance score and the Netherlands a low power distance score (Hofstede, 2001). Korea is country with Confucian roots, which refers to a hierarchical society (Hofstede & Bond, 1988). The power distance dimension influences the change that partners will act opportunistically, as well as the costs associated with opportunistic behavior. Opportunism may be less likely in low power distance societies, which focus on a natural sharing of power and more decentralized decision-making. In low power distance cultures people are more willing to discuss with others. In low power distance cultures higher costs are expected to opportunistic behavior (Doney, et al., 1998). In low power distance cultures people are likely to do whatever they want to do (Hofstede, 1980). In high power distance cultures more rules exists and people have less freedom, which increase the predictability and trust (Doney, et al., 1998).

Communication is an important feature in relationships. General communication between Dutch and Korean people will apparently be in English, because the mother tongue is different. As the Netherlands is well known for its good English skills, Korea is known as a country with bad English skills. The general TOEFL (Test of English as a Foreign Language) test scores show a difference in language skills between Korea and the Netherlands. The data summary report of TOEFL total test scores in 2008 (TOEFL, 2009) shows that Korea is ranked 89th of total 161 countries with scores lower than average scores. The two countries with the total highest score and number one on the list are the Netherlands and Denmark. Miscommunication can foster opportunism behavior by misinterpret the partner behavior as threatening (Das & Rahman, 2010). The chance for miscommunication would even be higher with language problems.

3. Model of trust development in an international strategic alliance

In this chapter the conceptual model of trust development in an international strategic alliance will be described. In chapter 2, models about trust, strategic alliances and international factors elaborated and linked to trust development. First, integrating two trust development models will make the foundation of the model. Independent variables will be added to this foundation, to complete the conceptual model. At the end of this chapter, propositions are formed, which have been researched by case studies.

3.1. Trust development model

The discussed trust models of Mayer et al. (1995) and Ferrin et al. (2008) are the foundation of the model of trust development in international strategic alliance (Figure 5). In this paragraph the core of the final model will be made by integrating trust development models. The model of Mayer et al. (1995) provide 'factors of trustworthiness', 'propensity of trust' (general trust), 'trust' (partner specific trust) and 'risk taking in a relationship' (trust behavior). The last three factors are substituted by similar factors for a more clear and complete definition, which will be explained in section 3.1.2. Ferrin et al. (2008) provide the mutuality of the model; 'trust behavior' of company A leads to 'factors of trustworthiness' of company B.

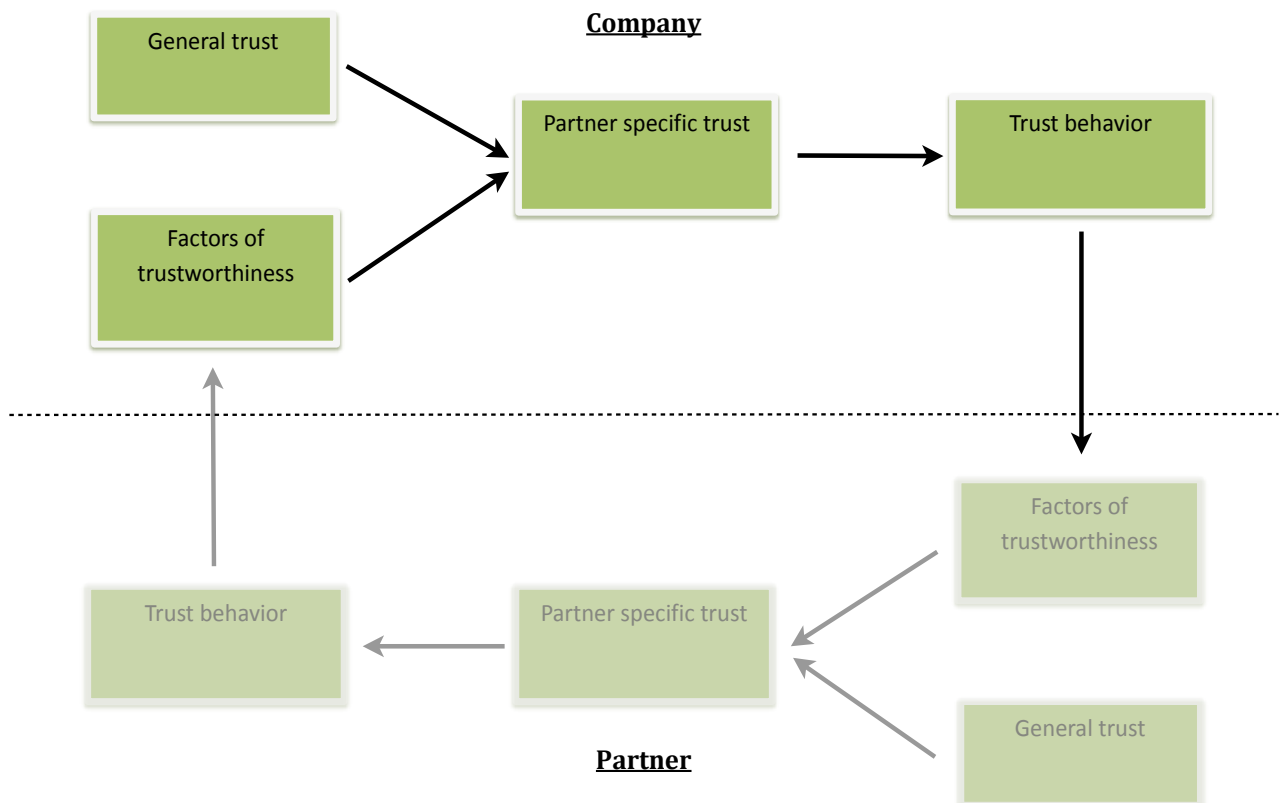


Figure 4 Integrated model of trust development

3.1.1. Description

When a company meets his partner for the first time, the development of trust starts at two factors: 'general trust' and 'factors of trustworthiness'. 'General trust' refers to the characteristics of the company, that influences trust in partners in general. 'Factors of trustworthiness' refer to the perceived characteristics of the partner. The 'partner specific trust' is the sum of the results on both factors. For instance, 'factors of trustworthiness' have a positive result on 'partner specific trust', but this positive result may be moderated by a negative result on 'general trust'. 'Partner specific trust' leads to 'trust behavior'; for instance a company has a positive feeling of trust in their partner, which will cause positive 'trust behavior'. As discussed in section 2.2.3 trust development of a company is related to trust development of the partner; 'trust behavior' of the company leads to the 'factors of trustworthiness' of the partner and the trust development starts at the partner's side.

3.1.2. Factors

General trust

The factor 'general trust' refers to "*individual's orientation toward human nature or people-in-general*" (Couch & Jones, 1997, p. 320). The factor is taken from the model of Mayer et al.(1995), where it was named: 'propensity of trust'. A different name has been chosen to give a more clear idea about the meaning of the factor. Authors (Couch & Jones, 1997; Mayer, et al., 1995; McKnight, et al., 1998) refer to different antecedents of 'general trust'. In this model 'general trust' depends on experience and culture. For instance if a party has experience with partners who turned out not to be trustworthy in the end, it will hardly judge a new partner positively. The influence of culture and experiences has been explained in section 3.1.3.

Factors of trustworthiness

This factor refers to the perceived characteristics of the partner that determine trustworthiness (Mayer, et al., 1995). For example, 'factors of trustworthiness' will be positively judged because of good behavior of the other party. The other way around, if the behavior is considered as bad, the level of trust will decrease and 'factors of trustworthiness' will hardly be judged as positive. 'Factors of trustworthiness' can be split up in three groups: ability, benevolence and integrity (Mayer, et al., 1995). A company may criticize its partner different on the several groups; for instance a partner may be perceived as integer but not benevolent.

Partner specific trust

This factor can be defined as "*as a belief, sentiment, or expectation about an exchange partner's trustworthiness*" (Robson, et al., 2008, p. 648). 'Partner specific trust' is similar to the factor 'trust' of the model of Mayer et al. (1995), but replaced by a different name to make the meaning of the factor more transparent. 'Partner specific trust' can be split up in cognitive and affective factors (McAllister, 1995; Robson, et al., 2008) and is influencing 'trust behavior' (Mayer, et al., 1995). 'Partner specific trust' is influenced by two factors: 'factors of trustworthiness' and 'general trust'.

Trust behavior

'Trust behavior' is referring to the action, that allows the partner to determine the company's trustworthiness (Robson, et al., 2008). 'Risk taking in relationship' is offered by Mayer et al. (1995), but is replaced by 'trust behavior' of Robson et al. (2008). The name 'trust behavior' is more clarifying the definition. 'Trust behavior' of a company is more than only risk taking as Mayer et al. (1995). Companies imitate each other's behavior or adapt their behavior to a goal (Das & Teng, 1998; Ferrin, et al., 2008), for

example if a company wants to stimulate knowledge transfer, it will show behavior increasing openness. The 'trust behavior' of the company will lead to the factor 'factors of trustworthiness' of the partner.

3.1.3. Independent variables

Several independent variables influence the main factors of trust development: experiences, culture, strategic alliance type, perceived risk and cultural differences. These variables are added to the model of trust development (Figure 5).

Culture

National 'culture' of the company influences the factor 'general trust'. Culture is a system of collectively held values (Hofstede, 2003), which influences the trust toward people-in-general (general trust). Perception of whom to trust differs across cultures (S. Zaheer & Zaheer, 2006). 'General trust' is influenced by the degree of collectivity in a culture. Organizations from a collective culture have less trust in other organizations than organizations from individualistic culture (Huff & Kelley, 2003).

Experiences

'Experience' is the second factor influencing 'general trust'. In a strategic alliance companies may relate the cooperation with other strategic alliances before. For instance if a company had bad experience the 'general trust' in a new strategic alliance will be lower.

Strategic alliance type

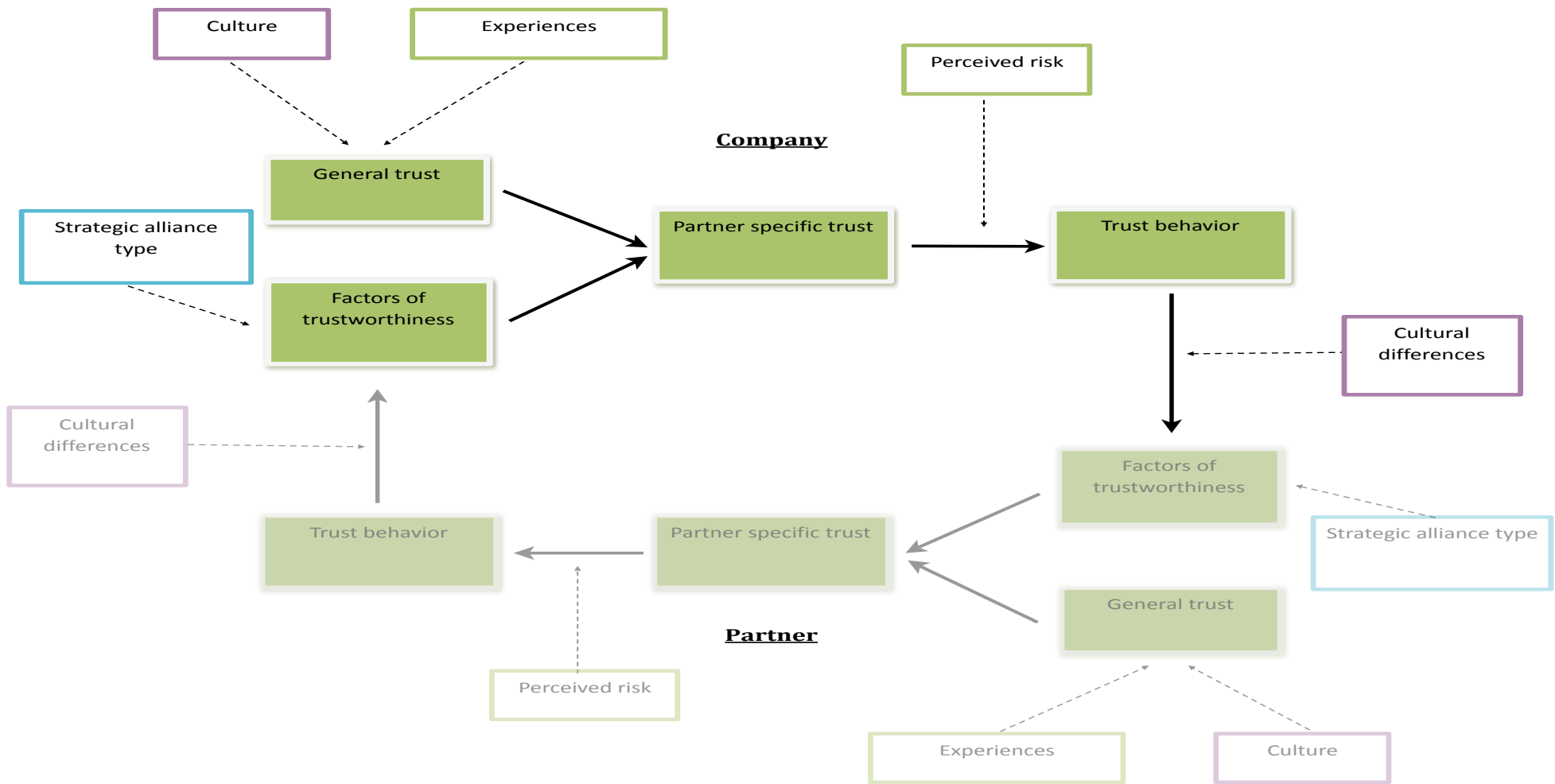
The variable 'strategic alliance type' influences the main factors 'factors of trustworthiness'. The strategic alliance type determines risks (Sheppard & Sherman, 1998) and in this way it is influencing the importance of each of the 'factors of trustworthiness'. For instance if keeping secret is a risk for the company, the factor of trustworthiness 'integrity' will be of importance. For instance the characteristics of the partner is perceived low on integrity and high on benevolence and the company give a high importance to the integrity of the partner and low importance. The trust result on the factor of trustworthiness will not be that positive as if all the factors had the same importance.

Perceived risk

The relation between 'partner specific trust' and 'trust behavior' is influenced by the independent variable 'perceived risk'. Perceived risk *"involves the trustor's belief about likelihoods of gains or losses outside of considerations that involve the relationship with the particular trustee"* (Mayer, et al., 1995, p. 726). As discussed before trust involves vulnerability, which is risk of losing something of value and in this influencing the 'trust behavior'. For instance a company has a positive feeling of 'partner specific trust' and perceives a high risk of losing investments. The company will show positive 'trust behavior', but will adjust its behavior to minimize the risk of losing investments.

Cultural differences

The independent variable 'cultural differences' may influence the relation between 'trust behavior' of the company and 'factors of trustworthiness' of the partner. Because of cultural differences the partner may receive the 'trust behavior' of the company different than it was intended. For instance in Western countries a contract is important, but in Asian countries a contract may perceived as a sign of distrust (Kwon, 2008; Wang, 2007). In this way it influences the relation between 'trust behavior' and 'factors of trustworthiness'.



- Trust theories
- Strategic alliance theories
- International factors theories

Figure 5 Conceptual model of trust development in an international strategic alliance

3.2. Propositions

Based on the theoretical research a model has been created to show the development of trust in an international strategic alliance. Several propositions based on the model have been made and checked by case studies, which will be discussed in chapter 4.

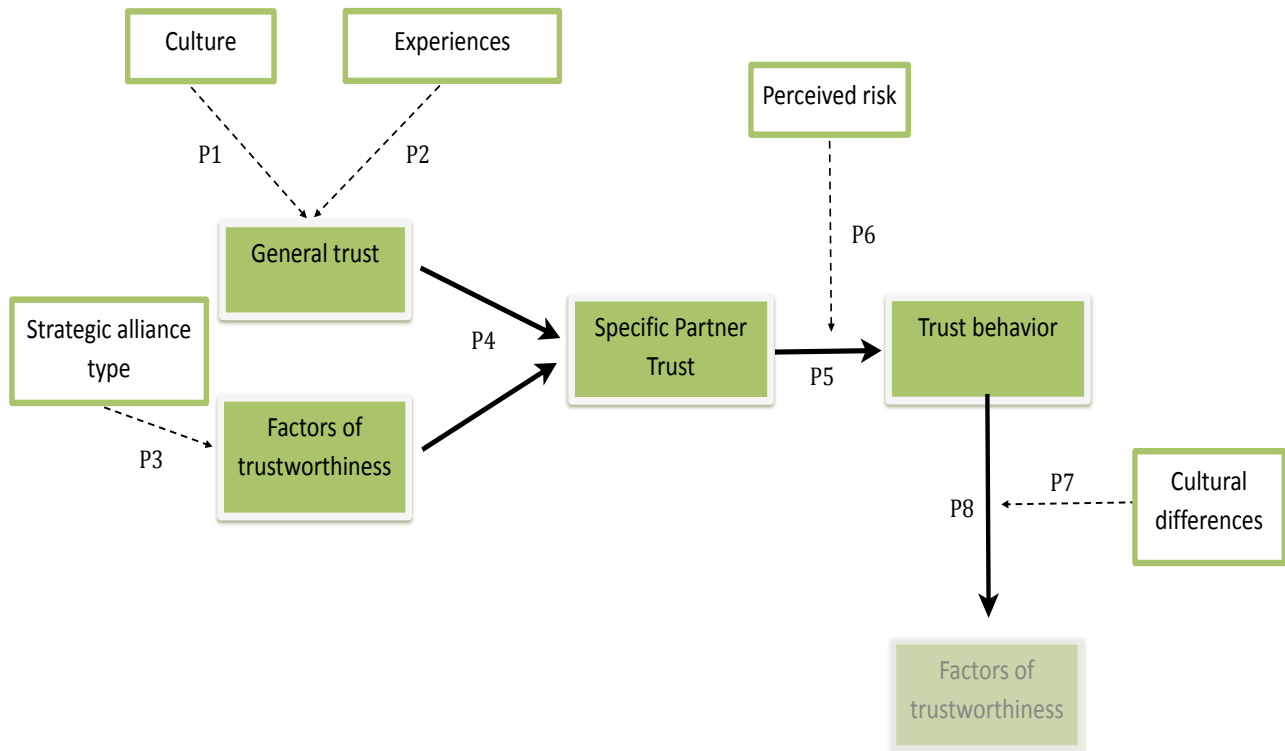


Figure 6 Conceptual model of trust development in an international strategic alliance

‘Culture’ is influencing ‘general trust’. ‘Culture’ influence norms and values, which results in the decision to trust in general (Doney, et al., 1998). This leads to a different in trust between companies from different countries. Research (Yamagishi, Cook, & Watabe, 1998) have show that Japanese trust strangers less than Americans. For a result, in a strategic alliance between a Japanese company and an American country, it is expected that it is harder for the American company to be trusted than the Japanese company.

Especially, the degree of collectivism in a culture influence ‘general trust’. Collectivism is the “*the degree to which people in a country prefer to act as individuals rather than as members of groups*” (Hofstede, 1994, p. 6). People from a collective culture like to live and work in a group and as a result group members are trusted. Consequently, people and company outside of the group are less trusted, than in an individualistic culture.

‘General trust’ is higher in organizations from an individualistic culture than a collective culture (Huff & Kelley, 2003). Companies from a collective culture have less trust in external partner organizations than organizations from individualistic culture. Trust in collective countries arises from long-term relationships or either similar characteristics (Zucker, 1986). Therefore it takes some time before companies from a collective culture trust each other. Trust building by business dinners and drinks are often an important part in strategic alliances in collective cultures (Ng, et al., 2007). Korea is described as a typical collective country (Kwon, 2008) and it appears from the research of Hofstede (2001) that the Netherlands has a individualistic culture. The following proposition can de made:

Proposition 1: Korean companies have a lower general trust than Dutch companies.

'General trust' is influenced by 'experiences'. 'Experiences' lead to expectation regarding the behavior of the partner. Expectations is a part of trust, as the definition shows "*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*" (Mayer, et al., 1995, p. 712). Because of 'experiences', expectations are adjusted and this leads to adjustment of trust.

'Experiences' give the feeling of control over future situations (Couch & Jones, 1997), which leads to a adjustment of 'general trust'. For instance, a company faced some problems in a previous strategic alliance. Because of this experience the company knows better to deal with the same kind of problems in a future strategic alliance. At the same time the company will be more careful to (general) trust new partners.

'Experiences' in past situations lead to 'general trust' in similar future situations. Trust is often not related to a specific experience but derives from generalizations across experiences that is perceived as similar (Rotter, 1980). Companies, which had bad experiences in previous strategic alliances, have a lower 'general trust' in future strategic alliances. In this case, a company will be more careful in showing 'trust behavior'. Companies, who had positive experiences with strategic alliance, will have a higher 'general trust' in strategic alliances. Those companies will be less careful in trusting their partner (Lewicki, McAllister, & Bies, 1998). This explanation leads to the following proposition:

Proposition 2: Companies, which had negative experiences with strategic alliances, had lower general trust than companies, which had positive experiences with strategic alliances.

The 'strategic alliance type' determines the importance of each 'factor of trustworthiness'. The 'strategic alliance type' determines risk for the company and risk determines important factors for trust. For instance a company is highly dependent on the partner, because the partners needs to keep a secret. The risk contains that the partner doesn't keep the secret. In this case, the company attaches great importance to integrity as 'factor of trustworthiness'. The four strategic alliance types of Sheppard & Sherman (1998) entail certain risks, which lead to the importance of each of the three 'factors of trustworthiness': ability, benevolence and integrity. The strategic alliance types are linked to the three (group) 'factors of trustworthiness' of Mayer et al. (1995). The following expectations can be made:

- A shallow dependence strategic alliance requires ability and integrity as factors of trustworthiness. Shallow dependence entails the risk of unreliability and the risk of indiscretion. To trust the partner in this relationship, reliable and discreet behavior is required. To meet these requirements, important qualities of trustworthiness are discretion, reliability and competence (Sheppard & Sherman, 1998). Using the definitions of Mayer et al. (1995) discretion and reliability are example of the factor of trustworthiness 'integrity' and competence is an example of the factor 'ability'.
- A deep dependence strategic alliance requires benevolence and integrity as 'factors of trustworthiness'. Deep dependence entails the risk of cheating, abusing, neglecting and self-esteem. Trustworthiness in this relationship requires qualities of the partner to reduce these risks, like integrity, concern and benevolence (Sheppard & Sherman, 1998). These qualities are examples of the 'factors of trustworthiness' benevolence and integrity.
- A shallow interdependence strategic alliance requires integrity as factor of trustworthiness. Shallow interdependent relationships face the risk of poor coordination, which requires predictability and consistency to reduce (Sheppard & Sherman, 1998). Predictability and consistency are examples of the factor of trustworthiness 'integrity'.
- A deep interdependence strategic alliance requires integrity as factor of trustworthiness. The risk of misanticipation is related to a deep interdependent relationship. This risk may be reduced if the

partner has foresight, intuition and empathy skills (Sheppard & Sherman, 1998). These skills are examples of the factor of trustworthiness 'integrity'.

Based on this analysis the following proposition can be formulated:

Proposition 3: The strategic alliance type leads to the importance of each factor of trustworthiness

Trust can be developed inside and outside the relationship (Couch & Jones, 1997; McKnight, et al., 1998). Outside the relationship is referring to 'general trust', which is not determined by the relationship itself but by circumstances independent from the relationship. The antecedents of 'general trust', 'experiences' and 'culture' are independent from the relationship. Trust is formed inside the relationship by the perceived characteristics of the partner: 'factors of trustworthiness'. This factor is dependent from the relationship and would not be the same in a different relationship.

The difference between the two factors, 'general trust' and 'factor of trustworthiness', is not only the relationship dependence. 'General trust' is influenced by the characteristics of the company and 'factors of trustworthiness' is referring to the perceived characteristics of the partner (Couch & Jones, 1997; Mayer, et al., 1995; Rempel, et al., 2001). 'General trust' is based on the characteristics of the company: the culture and experiences of the company. 'Factor of trustworthiness' refer to the perceived characteristics of the partner: the degree of integrity, the degree of ability and the degree of benevolence (Mayer, et al., 1995). The importance of 'general trust' and 'factors of trustworthiness' may differ. When a company has less information about the partner, it will rely more on his 'general trust' (Mullins & Cummings, 1999). This is the case when a company is thinking about a strategic alliance with a potential partner, but didn't meet him. The 'factors of trustworthiness' of the partner is hard to determine and the company will rely more on his 'general trust' beliefs. In this case, 'partner specific trust' will be based on 'general trust' (Couch & Jones, 1997; Mayer, et al., 1995; McKnight, et al., 1998). If the information about the partner is sufficient to determine the trustworthiness of the partner, 'partner specific trust' will be more based on 'factors of trustworthiness'. This clarification leads to the following proposition:

Proposition 4: Partner specific trust is a result of general trust and factors of trustworthiness

Trust in a relationship is a matter of perceiving ('partner specific trust') and behaving ('trust behavior'). Perceiving of trust is referring to if the other party is perceived as for instance benevolent, competent and integer (McKnight, et al., 1998). This trust may be based on calculative reasons, for instance costly sanctions or potential rewards. Trust can also derived an emotional bond, where concern for the welfare of the partner is important. Trust behaving can be either acting without cheating or changing the behavior in favor of the partner (Robson, et al., 2008).

'Partner specific trust' leads to 'trust behavior' of the company. The perception of the company that the partner is trustful causes the partner to perceive the actor as trustworthy. This leads to trustful behavior of the partner. Conversely if the partner is perceived as not trustworthy, it will lead to less trustful behavior (Ferrin, et al., 2008). If a company beliefs that its partner is acting without cheating, he will show the same behavior. If the company beliefs that its partner is behaving opportunistically he will be more careful in its own 'trust behavior' (Argandona, 1999). Concluding we may say that the level of perceiving trust leads to the level of 'trust behavior', which leads to the following proposition:

Proposition 5: A higher level of partner specific trust leads to a higher level of trustful behavior.

The relationship between 'partner specific trust' and 'trust behavior' might be influenced by the 'perceived risk' (Mayer, et al., 1995). A trustor has to take a risk when he's behaving based on his trust (Mayer, et al., 1995). The difference between 'partner specific trust' and 'trust behavior' is between the willingness to assume perceived risk and actually assuming risks. If a company perceives a high risk of leaking secret, it has to be decided if enough trust is available for continuing the strategic alliance. If enough trust is available, the company will assume the risk of a leak of secret.

Companies who perceive high risk, show trustful behavior expecting trusting behavior in return (Ferrin, et al., 2008). 'Trust behavior' can be split up in influence receptiveness and forbearance, whereas influence receptiveness refers to degree a company its changing its behavior in favor of its partner and forbearance refers to acting without cheating (Robson, et al., 2008). Forbearance 'trust behavior' is the behavior, which is expected in every relationship, and influence receptiveness is doing something additionally to enhance trust of your partner into you. Therefore it is expected that companies who perceive a high risk will show more 'influence receptiveness' 'trust behavior'. This explanation leads to the following proposition:

Proposition 6: Companies who perceive high risk will show more 'influence receptive' trust behavior than companies, which doesn't perceive risk.

A strategic alliances with companies from a different cultural background, faces hard challenges regarding trust. Humans have trust in people who share the same goals and values (Parsons, 1978). Culture is a system of collectively held values (Hofstede, 2003) and this means that trusting a partner from a different cultural background is hard (Girmscheid & Brockmann, 2010). Partners with similar national cultures show greater levels of trust and than partners from different cultural backgrounds (Mehta, et al., 2006).

'Cultural differences' refer to the extent to which two groups differ on their shared values, norms, beliefs and assumptions (Roberts & Helson, 1997). 'Cultural differences' between companies means greater risk, which could turn out in decrease of the amount of knowledge sharing to avoid these risks (Kogut & Singh, 1988). This leads to a decrease of trust. The differences can exist on different aspects; some countries differ in risk avoidance, other countries differ in power distance. The involved countries in this research, Korea and the Netherlands, differ in collectivism, power distance and communication. 'Cultural differences' may influence the development process of trust, because cultural differences may influence the communication between partners and the priorities in trust development.

In the case of a strategic alliance between Korea and the Netherlands, 'cultural differences' may disturb the relation between 'trust behavior' and 'factors of trustworthiness'. Due to 'culturally differences', a Dutch company may think that it is behaving trustfully, but a Korean company may perceive this negatively. Conversely, the positive intended 'trust behavior' of a Korean company leads to a negative perceived 'factors of trustworthiness' of the Dutch company. For example the difference in communication between Korea and the Netherlands can play a role in this research, because of misunderstandings. Also differences in power distance may cause some problems. In hierarchic countries (high power distance) position of managers in the company is more important than in less hierarchic countries. The position of the manager, send to a strategic alliance meeting, show the importance of the strategic alliance for the company. Korea (high power distance) might have the feeling of disrespect if the Dutch company doesn't send a high rank manager (Huff & Kelley, 2003). A Dutch company doesn't think about hierarchy and behaves by sending a competent manager. The Dutch company does not see through that it might be perceived as disrespectful for Korean companies. This could disturb the relation between 'trust behavior' of Dutch company and 'factors of trustworthiness' of a Korean company.

In this perspective cultural differences influence the relation between 'trust behavior' of company A and perceived 'factors of trustworthiness' by company B. The following proposition is formulated:

Proposition 7: Cultural differences between Korea and the Netherlands disturb the relation between trust behavior and factors of trustworthiness.

Trust develops through repeated social interactions that enable people to update their information about others 'trustworthiness' (Mayer, et al., 1995). The 'trust behavior' influence 'partner specific trust' through the perception of the different 'factors of trustworthiness': ability, benevolence and integrity. For instance, a company asks the partner to make a certain component for their product. If the partner's performance is good, the company's perception of the partner trustworthiness will be enhanced. Conversely, if the partner performs badly, the company's perception of the partner's trustworthiness is diminished.

'Trust behavior' of the partner will lead to an update of priority in perceived trustworthiness (Ferrin, et al., 2008). The company may attribute the partner's high or low performance to ability, benevolence, and/or integrity. If the company shows 'trust behavior', what the partner perceives as positive, the 'factors of trustworthiness' will be positively judged. But if for example the behavior related to ability is perceived as negative, the ability factor of trustworthiness will be judged negatively.

The company will not only update the results on the different factors of trustworthiness, but also the importance of different factors of trustworthiness might change (Mayer, et al., 1995). The 'strategic alliance type' provides the important factors of trustworthiness as discussed before. But during the strategic alliance, the importance of the different factors of trustworthiness might change. For instance, if during the relationship the company gets the feeling that the partner is not benevolent in every situation, it will attach more value to the factor 'benevolence'. A result on this factor will have more on influence 'partner specific trust' than before. If the partner shows again a lack of benevolence, it will cause a decrease of 'partner specific trust'.

Proposition 8: Trust behavior of the partner will lead to updating of priority of factors of trustworthiness.

4. Methodology

This chapter elaborates on the followed research methodology: theoretical research and case studies. First the research type will be discussed. Secondly the methodology decision regarding case studies will be discussed. Finally the methodology aspects of the interviews will be elaborated.

Research type

Three types of research can be distinguished, namely descriptive, exploratory and explanatory. Descriptive research focuses on mapping of concepts, exploratory research develops new concepts, explanatory research looks into the causes of a phenomenon (Babbie, 2007). This research can be characterized as descriptive and explanatory. The concepts of the development of trust will be described and the causes, which influence the development of trust, will be explained.

Case studies

This research is about a "how" question, therefore the research methods experiments and case studies are preferred research strategies. Experiment is useful when you can have control about the research event, which is not the case in this research (Yin, 2003). Case studies are appropriate when research topics are broadly defined, when it covers complex multivariate conditions and not just isolated variables, and rely on multiple resources (Yin, 2003). These conditions apply to this research; development of trust is a broad research topic, variables are hardly to define and influence each other (mutuality) and it relies on different resources. Also from the research side a call exists for more case study research in the field of international cooperation to go more in-depth in this complex topic (Parkhe, 1993; Smith, Carroll, & Ashford, 1995). Because of the call for more case study research in the field of international cooperation and this research is appropriate for case study, this method will be used to investigate the development of trust in international strategic alliances.

A distinction can be made between single- and multiple-case studies. Single-case study is appropriate when it is a typical case or a extreme case exists (Yin, 2003). This is not the case in this research, therefore multiple case studies will be used. Selecting cases can be based on the prediction that the cases have similar results or cases can be selected predicting they have contrasting results (Yin, 2003). To exclude other factors, which may influence the development of trust, the selecting cases are expected to have similar results. To analyze trust development carefully, case studies are selected based on high reliance of trust and long-term relationship. Therefore relational contract collaborations are selected, which involves long-term relationships and high level of reliance on trust (Ring & Vandeven, 1992).

A case study in this research is a company, which is in a strategic alliance between a Dutch company and a Korean company. A Dutch company is a company that its headquarters is located in the Netherlands and a Korean company is a company that its headquarters located in South Korea. The country Korea is referring in this research to South Korea. Interviews are held with contact persons of the strategic alliance and the opinion of the respondent is aligned to the opinion of the company in this research. Although personal characteristics may play a role, the unit of analysis in this research is a company.

This research focuses on strategic alliances with at least one of the companies being a SME (small medium enterprise), based on the assumption that these firms have less strategic alliances than big firms. Having less strategic alliances increases the importance of each strategic alliance. A SME in this research is a company with less than 250 employees, based on the definition of European Union ("Recommendation 2003/361/ec: Sme definition," 2003). The focus of the strategic alliances is on technology knowledge transfer. Cooperation's dealing with technical knowledge transfer is more sensitive to trust issues, because

trust influences knowledge transfer as described in the introduction. Therefore these strategic alliances are more interesting for this research. In this research both firms of a strategic alliance have been interviewed, so differences in perspectives can be analyzed. In the case of one Dutch – Korean strategic alliance only the Dutch firm have been interviewed, because contacting the Korean company was not possible. However it was an interesting case study, because in general the used cases faced less problems and this case faced some problems regarding the cooperation. Including a case which had a expected different development of trust, increases the internal validity (Beverland & Lindgreen, 2010).

After collecting the data, the results have been analyzed by a cross-case analysis. The case studies have been analyzed to check the propositions based on the conceptual trust model. The analysis has been done using a coding scheme, which can be found in the appendix (Appendix IV: coding scheme). Cross-case analysis requires analyzing data in divergent ways to prevent false conclusions. One way is to select categories of cases and analyze intergroup similarities or differences. A second way is selecting pairs of cases and look at similarities and differences within each pair (Eisenhardt, 1989). In this research the analysis have been done in three ways. First of results of all case studies are analyzed to check each proposition. Secondly, it has been verified whether differences exist between two categories: Korean and Dutch companies. The third way of analyzing is selecting pairs of companies who have a strategic alliance together. It has been explored if these pairs show differences in their results on the propositions.

Interviews

To collect data for the case studies interviews will be held with managers from as well as the Dutch firm as the Korean firm. Three types of interviews can be distinguished, namely structured, semi-structured and unstructured (Greener, 2008). In this research semi-structured interviews will be used, which means that questions are prepared but the interviewer can add questions during the interview. This type of interview is suitable for this research, because it has a descriptive and explanatory character. The interview questions (Appendix II: Interview questions) have been designed to check the designed propositions. Some general questions have been formulated to gather some additional information, which could be useful to explain differences in data. The interview questions have been put in order by the conceptual model, but sometimes a logical order was preferred.

In general the interviews were face-to-face, but because of the distance between Korea and the Netherlands some interviews are conducted by phone. During the interview the respondents received a paper and has been asked to draw the development of trust in a chart. This was not possible during interviews by phone and therefore the respondents received the chart by email and have been asked to fax the document to the interviewer (Appendix III: Fax trust chart).

All interview respondents received some information beforehand. First of all the topic of the research was explained, the aim of the interviews was revealed and the expected duration of the interview was communicated. Because of the susceptible information, the confidential aspect was explained. Trust is a complex construct and therefore it was useful that the respondents think about the topic beforehand and some example questions were sent by email (Appendix I: Sample questions).

5. Results

In this section the results of the interviews will be discussed. The aim of conducting interviews was to check the general model of trust development in international strategic alliance (Figure 5) on page 23. For this analysis a coding scheme is used (Appendix IV: coding scheme). In this chapter, first a short description of the case studies is presented. Then the results of the interviews will be discussed, verifying the propositions. During the analysis of the interviews, additional factors influencing trust development appeared. These additional factors will be presented at the end of this chapter.

5.1. Description of case studies

Nine companies have been interviewed, which are in a Dutch-Korean strategic alliance and dealing with knowledge transfer. Five out of nine companies are younger than 10 years, but it appeared that the age of the company does not influence results. The companies are acting in several industries: electronics, construction, automotive, technological service and education. All companies found each other by assistance from an embassy. The case studies concerns three types of strategic alliances: company A makes a component for the product of company B, company A provide knowledge and company B materials or company A and company B share knowledge with each other. Two case studies are in the startup stage of the strategic alliance, while the others are in the mature stage of the strategic alliance. All case studies concern long-term strategic alliance and the 'oldest' strategic alliance started in 2005. It appears that the age and stage of strategic alliance does not influence the results.

5.2. Testing propositions

Proposition 1: Korean companies have a lower general trust than Dutch companies.

Based on the idea that Korea has a collective culture and the Netherlands an individualistic culture (Hofstede, 2001), it was expected that Korean companies start with a lower level of trust than Dutch companies. The starting point of trust is only influenced by 'general trust'. In this perspective Korean companies will start with a lower level of trust in their Dutch partner than the start level of trust of Dutch companies in their Korean partner. As described before, the starting level of trust is derived from the level of trust drawings of the respondents. Korean companies do not show a lower start level than the Dutch companies. This is not according to the sources, which suggest that collective societies as Korea have less trust to outsiders (Huff & Kelley, 2003; Kwon, 2008; Lin & Wang, 2008; Ng, et al., 2007). Some Dutch respondents also mentioned that building trust takes longer in Asia than in western countries. 'General trust' is the result of several factors and it depends upon the situation which factor is more dominant (Couch & Jones, 1997). Factors as 'experiences' may be more dominant in this research. The organizational culture may influence the selection procedure of a partner (Shah & Swaminathan, 2008). For example if in the selection procedure a lot of control mechanisms exist to ensure the trustworthiness of the partner, the 'general trust' will be lower. This proposition is not supported by this research.

Proposition 2: Companies, which had negative experiences with strategic alliances, had lower general trust than companies, which had positive experiences with strategic alliances.

Experiences influence 'general trust' and especially at the start up 'partner specific trust' relies on 'general trust', because less information is available about the partner characteristics. Respondents have been asked about their experiences with strategic alliances in general or with Dutch-Korean strategic alliances.

Secondly the respondents have been asked if they think experiences will influence trust. The respondents also draw the level of trust in their strategic alliance and the starting level of trust has been derived from this drawing (Appendix III: Fax trust chart).

The results do not show a relation between experiences and start level of trust. Six out of nine respondents mention that experiences with strategic alliance in general influence trust, but the starting levels of trust don't show this influence. Two companies had some negative experiences with strategic alliances, but their starting level of trust is 50% and 80%. These are the second and third highest starting level of trust among the case studies in this research, so it appears that experience with strategic alliance doesn't influence the starting point of trust.

Three respondents mentioned if you have experience with companies from the same continent, it influences trust. None of the companies were before in a Dutch – Korean strategic alliance, but five companies had a strategic alliance before with a company from the same continent and had positive experiences. The starting levels of four of these companies are higher than of the companies who didn't have an alliance before with a company from the same continent. This implies that having a positive strategic alliance before with a company from the same continent leads to positive level of trust. This is according to Rotter (1980) , who points out that trust derives from generalizations across experiences that is perceived as similar. This is in line with some statements of the respondents, who built their expectations based on experiences with other countries.

It also is possible that a company had some negative experiences with another country from the same continent. A respondent had some negative expectations based on other countries and to lower the risk, the expectation had been checked before meeting the partner. In this case the experiences of a country on the same continent didn't lead to a lower starting point of trust, because the association was verified. This may be due to the matter that 'general trust' was higher because of the country-of-origin effect; the respondent had a good perception of Korea, because of their technological skills.

Trust is based on the expectation that the partner will behave in a certain way (Parkhe, 1998). If companies have some positive expectations about companies from a certain country, the starting level of trust will be higher. International experiences with the culture of the partner give knowledge which stimulates trust and cooperation, as suggested by Luo (1997).

Two respondents point out that trust is not influenced by strategic alliance experiences. One respondent indicated that he noticed from earlier experiences that it depends upon the partner if cooperation's are successful or not. In this matter earlier experiences leads to the thought that a company cannot predict the partner on beforehand on country or continent. The other respondent indicates that he always trust partners and this may depend upon personal characteristics or the organizational culture.

Although four respondents mention that strategic alliance experience has influence on initial trust, the starting points of the level of trust doesn't show this relation. This may due to that 'general trust' and initial trust depends upon different issues, like organizational culture, national culture and country-of-origin effect. Earlier experiences with strategic alliances may have influence, but other factors can be more dominant influencing the starting point of trust. This proposition is not supported by this research, but it can be concluded that experience from strategic alliances on the same continent influence the starting point of trust.

Proposition 3: The strategic alliance type leads to the importance of each factor of trustworthiness.

The strategic alliance type determines the kind of risk involved and this kind of risk determines the important factors of trust. The four strategic alliance types of Sheppard & Sherman (1998) have been linked to the three (group) 'factors of trustworthiness' of Mayer et al. (1995). Expectations regarding these relationship have been described in section 3.2. First of all the strategic alliance type is determined by

analyzing the dependence and depth of the strategic alliance (Appendix IV: coding scheme). Secondly the respondents have been asked to mention factors important for trust. These factors have been categorized in the three groups of 'factors of trustworthiness': ability, benevolence and integrity.

The results of the expectations, designed in section 3.2, underlying this proposition will be discussed first and consequently it can be concluded if this proposition is supported. The first expectation includes that a shallow dependence strategic alliance requires ability and integrity as 'factors of trustworthiness' is not supported by this research. One company had a shallow dependence relationship with the partner, but mentioned benevolence and integrity 'factors of trustworthiness'. The second expectation (a deep dependence strategic alliance requires benevolence and integrity as 'factors of trustworthiness') is supported by the interviews. Three companies had a deep dependence relationship with the partner and all three 'factors of trustworthiness' are mentioned. The third expectation (a shallow interdependence strategic alliance requires integrity as factor of trustworthiness) is supported by all case studies with a shallow interdependence relationship. A shallow interdependence relationship existed at three case studies and two of them only mention examples of the integrity factor of trustworthiness. The other company mentioned examples of all three 'factors of trustworthiness'. A deep interdependence strategic alliance requires integrity as factor of trustworthiness was the last proposition. Two companies had a deep interdependence relationship and one mentioned all three 'factors of trustworthiness' and the other one mentioned benevolence and integrity as 'factors of trustworthiness'. Consequently this supports the proposition.

Eight case studies show a relationship between strategic alliance type and factor of trustworthiness and expectations 2, 3 and 4 are supported by this research. In one case no relationship existed between the strategic alliance type and the required 'factors of trustworthiness'. This may be caused by the fact that trust is a function of qualities of the relationship and the institutional context in which those relationships are embedded (Zucker, 1986, p. 55). The company didn't mention ability as factor of trustworthiness, but the goal of cooperating with the partner is the specific knowledge of the partner. Ability in this case is the reason for existence of the cooperation and therefore not mentioned as additional trust factor.

The respondents didn't only mention the specific 'factors of trustworthiness', that are related to the type of relationship. As shown in the conceptual model on page 23, the 'factors of trustworthiness' are not only influenced by strategic alliance type, but also by the 'trust behavior' of the partner. This proposition is supported by this research.

Proposition 4: Partner specific trust is a result of general trust and factors of trustworthiness

'Partner specific trust' is based on the characteristics of the company (general trust) and on the perceived characteristics of the partner (factors of trustworthiness). Respondents have been asked with an open question on which factors their trust in their partners is based. Respondents have also been questioned about several factors and it's influence on trust.

Asking the respondents about the reasons of trust in the partner, they refer to characteristics of the partner as the basis of their trust. Some factors are mentioned by several respondents: keeping promises, openness, behave as expected and knowledge. These four factors refer to the three groups of 'factors of trustworthiness': ability, benevolence and integrity. 'General trust' is also influencing 'partner specific trust', as discussed at proposition 2. Experiences with strategic alliances from the same continent (general trust) influence 'partner specific trust'. It appeared that 'general trust' and 'factors of trustworthiness' were not the only factors, which led to 'partner specific trust' of our respondents. Attraction between both companies turn out to be of significant importance. This additional factor will be discussed in section 5.3.

Several authors (Barney & Hansen, 1994; Brunetto & Farr-Wharton, 2007; Green, 2009) mention that a contract is important to trust the alliance partner. By making a contract risks will be reduced and trust, that

the partner will behave as expected, increases (Barney & Hansen, 1994). In general respondents point out that a contract is good to have, but not necessary. The low importance of a contract is not according to McKnight et al. (1998) who suggests that contract as a governance mechanism give expectations about future behavior and reduce perceived risks, which lead to trust. On the other hand Parkhe (1998) and Sitkin & Roth (1993) suggests that a contract is not a substitute of trust, which is according to the results of this research.

The proposition was not confirmed by this research, because it appeared that 'partner specific trust' is not only a result of 'general trust' and 'factors of trustworthiness', but also by the factor attraction. 'Partner specific trust' is based on the characteristics of the company, the characteristics of the partner and the attraction between them.

Proposition 5: A higher level of partner specific trust leads to a higher level of trustful behavior.

If a company has trust in his partner, it will also be more willing to show trustful behavior. The respondents have been asked on what their behavior is based and when the companies are more willing to show 'trust behavior'. In general respondents point out that they show the same 'trust behavior', as they would like to see from their partner company. The factors of their 'trust behavior' are the same as 'factors of trustworthiness'. Two respondents mentioned additionally that they adapt their behavior to the culture of the partner. This is according to the view of Parkhe (1998), who suggests that knowing the partner is critical for trust in strategic alliance. This is also in line with the opinion of the respondents who point out that cultural differences are not a problem if you take it into account.

Companies, which faced a decrease of 'partner specific trust' in their partner, point out that they change their 'trust behavior'. The companies are more careful and less open in their 'trust behavior' to the partner after negative experiences. This means that they show a lower level of 'trust behavior'. Other respondents point out that after they recognized that the partner is trustful, they showed more openness and were more willing to invest in the relationship. Conclusions can be drawn, that a higher level of 'partner specific trust' increases higher level of 'trust behavior'. This proposition is supported.

Proposition 6: Companies who perceive high risk will show more 'influence receptive' trust behavior than companies, which doesn't perceive risk.

If a company perceives high risk, it will invest more in trust building by showing trustful behavior. Influence receptiveness refers to degree a company it's changing its behavior in favor of its partner. The respondents have been asked if they perceive risk and what kind of risk. Furthermore the mentioned behavior factors of the respondent have been categorized into the two 'trust behavior' types.

From the results it appears that no relation exists between perceived risk and showing more 'influence receptive' trust behavior. The six respondents, who faced risk, didn't show more 'influence receptiveness' trust behavior than the other respondents who didn't perceive risk. However four respondents mentioned that they change their behavior to cope with the risk and two of them point out that they change their 'trust behavior'. These two respondents are in the same strategic alliance and the risk is that the partner breaches confidential information. The risks of the other four companies are about reputation damage, money loss and misuse knowledge. Keeping a secret is associated with trust and therefore it is more obvious to change the 'trust behavior' to cope with this risk. The changes in behavior of the two respondents can be classified as forbearance behavior.

In alliances there will always be some risk; although you have the best communication, there will be gaps in information knowledge. There will always be some vulnerability, since the risk of loss of items of value (technology, knowhow, markets, and personnel) by collaboration is ever-present (Parise & Casher, 2003). The company is already taking this risk into account, when it has decided to cooperate with a company. The respondents didn't mention any risk factors referring to cultural differences or the country of origin of the partner, which indicates that companies notice an international cooperation between a company from the Netherlands and Korea not as a risk. This is not according to the suggestion that risk is higher in an international cooperation because of the differences (Weber, Malhotra, & Murnighan, 2005), but it is according to the matter that cultural differences are not a problem when you take them into account, as discussed at Proposition 7. It does not support the proposition but we may conclude that if the risk is related to trust factors, companies change their 'trust behavior'.

Proposition 7: Cultural differences between Korea and the Netherlands disturb the relation between trust behavior and factors of trustworthiness.

Because of cultural differences, companies may perceive different 'trust behavior' than intended by the partner. This may occur due to a difference in perception of expected 'trust behavior' or in general the process of trust. Therefore the respondents have been asked how to describe trust and these perceptions of trust have been compared. Furthermore the respondents mentioned if they think cultural differences exist between their company and their partner and if this influences trust.

No differences exist between the perception of trust between Dutch and Korean companies. Describing trust respondents used several factors of trust like keeping promises, behave as expected and honesty. Seven respondents mentioned they thought that the partner would think the same about trust. This is not according to the literature that suggests that perception differ across cultures (S. Zaheer & Zaheer, 2006). But other authors (Butler, 1991; Mayer, et al., 1995; McKnight, et al., 1998; Ring & Vandeven, 1992) identify universal factors that lead to trust regardless of cultures. The two respondents, who thought the partner thinks differently about trust, had negative experiences with their partner, which led to a decrease of trust. The respondents mention factors of difference in perception of trust, which is similar with the factors of trust behavior, which led to a decrease of trust. The companies' search for a relationship with less uncertainties and trust is based on the expectation that the other party will behave in a certain way (Parkhe, 1998). People favor a logic and consistent world (Byrne, Baskett, & Hodges, 1971). If something happens what is not logical, people would like to understand the reason so they know what to expect next time (Das & Teng, 1998). In this perspective the companies who face unexpected behavior from their partner may think that the reason is a difference in trust perspective.

All respondents notice cultural differences between Korea and the Netherlands, but in general it does not influence trust if you take it into account. This is consistent with the experiences of the three respondents of whom the level of trust in their partner decreased. The reasons for decreasing of trust level were universal factors as unexpected behavior, lack of openness, lack of involvement and not keeping promises. Both Korean and Dutch respondents mentioned the opposite of these factors as main factors for trust. Two respondents indicate that the decrease of trust was not due to cultural differences. One other respondent mentioned that he is not sure what the cause of its problems with his partner is, but it may be caused by cultural differences. It was the first strategic alliance in Asia for this company and certain traditional matters in doing business with its Korean partner surprised the company. Other respondents mentioned that if you prepare for cultural differences, it would not influence your relationship. This company was not prepared for cultural differences and this may be the reason that cultural differences influence trust in the strategic alliance.

From the case studies it can be concluded that cultural differences do not play a role in trust development as long as you take them into account. This is not according to Mehta (2006) who states that cultural differences influence trust. However, it is according to Doney et al. (1998) that situational factors may influence the relevance of cultural dimensions.

As mentioned before, experience, organizational culture, attraction and personal matters may overwhelm the influence of cultural differences (Luo, 1997; Nakata & Sivakumar, 1996; Parkhe, 1998; Shah & Swaminathan, 2008). This proposition is not supported by this research, but cultural differences remain in the model of trust because companies need to take it into account. This means 'cultural differences' play a role in trust development, but a remedy exists to minimize the influence: take the cultural differences into account. Taking it into account means an adaptation of the 'trust behavior'. We may conclude that cultural differences influence the relationship between 'trust behavior' and 'factors of trustworthiness', but the influence can be minimized by adapting the trust behavior to the 'cultural differences'

Proposition 8: Trust behavior of the partner will lead to updating of priority of factors of trustworthiness.
The trust behavior of the partner will influence the result on factors of trustworthiness of the company. During the analysis of the interviews it has been noticed that companies, which perceive negative trust behavior factors, mention these factors as important factors of trustworthiness.

Respondents indicate trust behavior of the partner as an important factor of partner specific trust. Three respondents point out that they faced behavior of their partner, which influenced their partner specific trust negatively. The behavior of their partners can be indicated as unexpected behavior, lack of openness, lack of involvement and not keeping promises. The negative behavior led to a decreased level of trust in their partner.

Companies, who perceived negative factors in their partner's behavior, also indicated these same factors as important 'factors of trustworthiness'. This indicates a relationship between 'trust behavior' of the partner and 'factors of trustworthiness', which are important to the trustor. This may be a matter of control; focusing on these factors, will reduce the chance of this negative behavior again. This is according to Parkhe (1998), who pretends that companies are searching for control. In this way they will be less disappointed the next time.

The better the match between expectations and outcomes, the more confident a company can be in believing that its partner will follow his behavior as expected which is important for trust (Mayer, et al., 1995). If a company has experience with the pitfalls of his cooperation, it can adapt his behavior for a better cooperation (Parkhe, 1998). This proposition is supported by the case studies.

	Supported	Remarks
Proposition 1	Not supported	
Proposition 2	Not supported	Experiences from strategic alliances on the same continent influence the starting point of trust.
Proposition 3	Supported	
Proposition 4	Not supported	
Proposition 5	Supported	
Proposition 6	Not supported	Risk related to trust factors change trust behavior.
Proposition 7	Not supported	Companies need to take cultural differences into account
Proposition 8	Supported	Negative trust behavior of the partner leads to an update of the importance of different trustworthiness factors.

Table 4 Overview propositions

5.3. Additional factors

During the analysis of the interviews, it appeared that two other factors are of importance in the development of trust, which didn't show up in the theoretical section: attraction and country-of-origin effect. These factors have not been discussed in any article about trust development but are factors discussed in the social psychology area and the product selection articles. In this section the results of the interviews leading to the importance of the factors will be discussed and relevant authors will be elaborated. The two factors will be added to the model of trust development in strategic alliances as independent factors influencing 'general trust' and 'partner specific trust'.

Attraction

'Attraction' between companies increases 'partner specific trust' in a strategic alliance partner. The respondents have been asked about the reasons that they trust their partner. Besides characteristics and behavior of the partner, several respondents mentioned 'the click' or a 'good feeling with the partner', which refers to attraction. The respondents, indicating an 'attraction' factor as reason for trust, have been asked in which stage it influenced trust. Six respondents mentioned an attraction factor as the reason they trusted their partner at the startup stage of the cooperation. Four of these respondents mentioned attraction as a reason for trust during the beginning of the alliance or even the whole cooperation.

The respondents, who felt attraction to their partner, indicated this as an important antecedent for trust. Attraction is discussed mainly in a personal relationship context, but also counts for relationships between companies. For instance mergers depend on good interpersonal relationships between presidents of the two companies and strategic similarity and organizational culture similarity play an important role in this relationship (Van Oudenhoven & Deboer, 1995). Podolny (1994) describes similarity as a selection tool for partners in an uncertain market. This research shows that firms facing an uncertain market tend to form collaborations with partners who share a similar status. Byrne (1971) suggests that managers who are similar in making choices will be likely attracted to each other. Companies are also more willing to share knowledge, when both companies encountered similar problems in the past or had similar experiences (Burkhardt & Brass, 1990; Cohen, March, & Olsen, 1972). Companies may build their trust by the first impression on the other party and in this way attraction influences trust in the initial process. Attraction may reduce risk and enhance willingness for knowledge exchange. Openness is enhancing trust, because it decreases the amount of risk of opportunistic behavior. Similarities will appear in the beginning of a relationship and therefore attraction may be especially of importance in the initial stage of cooperation.

A good interpersonal relationship depends on attraction to each other (Graziano, Brothen, & Berscheid, 1980) and although relationships occur in different contexts researchers agree that attraction is caused by similarity (Berger, 1973; Berscheid, 1994; Moss, Byrne, Baskett, & Sachs, 1975). It is even one of the most reliable findings in social psychology (Sabini, 1992). A number of explanations have been offered for the relation between similarity and attraction. Similarity may reduce insecurity in relationships because it facilitates social interaction, provides a sense of comfort and it avoids disagreement (Montoya & Horton, 2004; Van Oudenhoven & Deboer, 1995). Similarity may occur in different contexts, like personal similarity, attitude similarity and demographic similarity (Carli, Ganley, & Pierceotay, 1991; Montoya & Horton, 2004; Tsui & Oreilly, 1989). In a study with college students similarity on attitude and values appeared as the most important in close relationships and background similarity was least important (Sprecher, 1998).

Similarity is especially important in relationships with knowledge transfer, which is an uncertain process (Dove, 1999). Knowledge transfer is important in the strategic alliances of the companies involved in this research and logically attraction is important in these strategic alliances. Two of the three respondents, who didn't mention attraction as factor for trust, had negative experiences with their partner. Similarity

leads to attraction and this provides a sense of comfort, because people know what to expect (Byrne, 1977). In the case of the two respondents their partner didn't behave like expected and consequently they have a lower feeling of similarity and attraction.

Country-of-origin effect

A negative image of the country will lead to lower trust in the partner. The respondents have been asked about their knowledge of their country, their perception and if the country image of the partner influences 'general trust'. Asking the respondents about their thoughts of the partner's country, companies mentioned business-related characteristics. Seven of nine respondent answers included 'big companies as...'. Well-known brand names are mentioned; as well as Korean brand names by Dutch companies as Dutch brand names by Korean companies. Respondents also mentioned stereotypical associations, sometimes referring to the well-known brand names.

Six respondents indicate that positive country perception in general 'gives a good feeling' about a cooperation with a company from that country. This good feeling depends on technological characteristics, economic characteristics or well-known brands and less on political, historical or cultural matters as suggested by Usunier & Cestre (2007). Four out of these six respondents mentioned that it could give some trust, but it is not critical for trust the partner. This is according to Nijssen & van Herk (2009) who suggests that positive beliefs about a country increase satisfaction, trust, value and loyalty.

Trusting companies from other nations is an important aspect in international alliances. Certain nationalities may be trusted to greater or lesser extents in other countries (Markus & Zajonc, 1985) and therefore 'general trust' in foreign partners may depend on the country image (Arino, de la Torre, & Ring, 2001). Martin & Eroglu (1993, p. 193) define country image as *'the total of all descriptive, inferential, and informational beliefs one has about a particular country'* and it can be divided into three sub dimensions: political, economic, and technological. Stereotypes play a key role in country image, like Switzerland is associated with a rich nature, but also historic events as wars and colonial relations (Usunier & Cestre, 2007).

The country-of-origin (COO) effect refers to the country image influence on product evaluations and intention to purchase (Usunier & Cestre, 2007). COO may function as a sign *'which might used by the customer to guess the attributes of a product'* (Johansson, 1989, p. 55). COO may function as an indicator of risk and is useful in uncertain situations; if the product quality is not clear other attributes are used to make a decision (Havlena & Desarbo, 1991; W. K. Li, Leung, & Wyer, 1993; Rao & Monroe, 1989; Usunier & Cestre, 2007). A positive COO effect leads to a higher level of initial trust, especially in risky situations (Michaelis, Woisetschlager, Backhaus, & Ahlert, 2008; Nijssen & van Herk, 2009).

The COO effect may influence the general trust in two ways. First of all a characteristic of the country image may decide if people or companies are either trustworthy or not. For instance Germans evaluate Dutch people and Dutch companies as reliable and trustworthy, but companies from the Czech Republic as less reliable and trustworthy (Nijssen & van Herk, 2009). The second way of COO effect influencing general trust is by country stereotyping. For instance German products are robust and reliable and French companies make good luxury products (Samiee, 2010, p.). Stereotypical association explains if a country is associated with a product (product – country association) or a product may be associated with a country (country – product association). Not only products are associated with countries, but stereotypical association influences also brands. Brands are normally associated with a single country, whereas products often are associated with several countries (Usunier & Cestre, 2007). In this research stereotypical association turns out to be of importance in the development of trust.

Research on 'COO effect' focuses on consumer evaluations, but COO also plays a role in strategic alliances. As a consumer evaluates the product on its quality, a company evaluates the quality of its partner before starting the cooperation (Shah & Swaminathan, 2008). Apparently as COO has an effect on consumer's

trust in a company (Nijssen & van Herk, 2009), COO also may affect company's trust in their partner. McKnight et al. (1998) suggests that a categorization processes as stereotyping may enhance 'partner specific trust'. Categorization processes are useful to assure that things are under control and in this way testing the trustworthiness.

The importance of the COO effect depends on other factors. The respondents, who indicate that country image doesn't affect the feeling of trust in cooperation, may build their general trust in another way. General trust may differ among companies, because of the experiences before, personality of the involved manager, the requirements of the partner and the cultural background (Mayer, et al., 1995). In terms of products the COO effect is more important in the absence of specific product attributes. Because of uncertainty consumers judgments is based on other issues, like marketing, brand image or the COO (Usunier & Cestre, 2007). Therefore if a company lacks information about the qualities of its partner, it will build its judgments based on other issues like the country of origin.

Conclusion

From the theoretical exploration we may conclude that trust development in strategic alliances is a complex process. Authors use different typologies of trust on different levels and with different antecedents. Consensus exists about the importance of trust in a relationship. The degree of importance differs per relationship and depends on the amount of uncertainty in a relationship. Uncertainty in a relationship depends upon the amount of control, the amount of investment, the environment, the availability of a contract and the potential loss. A different cultural background increases the uncertainty too, because cultural differences may cause different behaviors.

This research aimed to get more transparency on trust development in strategic alliances between companies from two different cultural backgrounds. This research was designed to answer the following question:

How does trust develop in an international strategic alliance?

A model has been designed to show the process of trust development in an international strategic alliance. This model is based on theories and the case studies. In the next paragraph the model will be described and afterwards the model will be discussed.

Description model of trust development in an international strategic alliance (Figure 8)

A trust process between two companies in a strategic alliance contains five main factors per company: 'general trust', 'attraction', 'factors of trustworthiness', 'partner specific trust' and 'trust behavior'. The trust process contains mutuality, which means that the trust process of company A is related to the trust process of company B and the other way around. 'Trust behavior' of trust process of company A influences step one 'factors of trustworthiness' of trust process of company B, which leads to step two and three and this leads again to step one of the trust process of company.

The model starts when company A thinks about to have a strategic alliance with a specific partner and at the same time company B thinks about a strategic alliance with the company. This process of trust development starts at both companies with three factors: 'general trust', 'attraction', and 'factors of trustworthiness'. 'General trust' is referring to general feeling of trust to a new strategic alliance, based on the characteristics of the company. This factor is influenced by the independent variables 'COO effect' and 'experiences same continent'. The second main factor is 'attraction', which is referring to the attraction between the companies, based on the characteristics of the relationship between company and partner. The third main factor, 'factor of trustworthiness', is referring to the perceived characteristics of the partner and influenced by the independent variable 'strategic alliance type'. 'Partner specific trust' is the sum of the three previous factors. This factor refers to the trust in the partner, which leads to the 'trust behavior' to the partner. The relationship between 'partner specific trust' and 'trust behavior' may influenced by 'trust related risk'. Although a company highly trusts his partner, he will be more careful in showing high 'trust behavior' if 'trust related risks' (e.g. keeping secret) are involved. 'Trust behavior' will lead to the trust development process of the partner. 'Factors of trustworthiness' of the partner is influenced by 'trust behavior' of the company, but this relation may be disturbed by 'cultural differences'. The partner can perceive 'trust behavior' of the company different than it was intended, due to 'cultural differences'.

The factors 'general trust' and 'attraction' turn out to be especially important in the beginning of a strategic alliance (first round of trust development) and in some cases will it be important through the whole relationship. This depends on the available information about the partner leading to the 'factor of trustworthiness'. The longer a strategic alliance lasts, the more information is available. In this case 'partner

specific trust' will be more and more based on 'factors of trustworthiness'. In some cases information is too less to make a trust judgment based on 'factors of trustworthiness'. In this case 'general trust' and 'attraction' remains important.

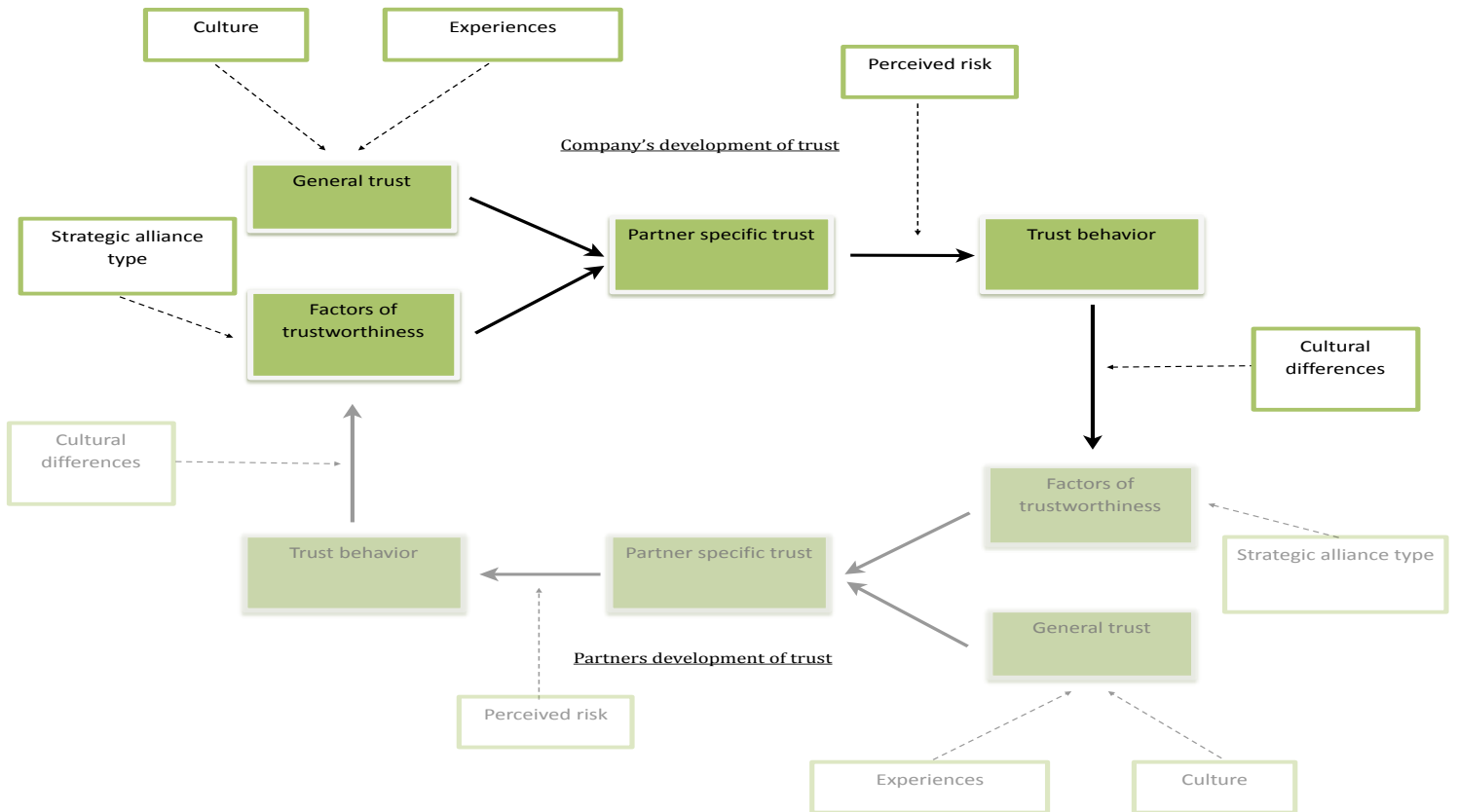


Figure 7 Conceptual model of trust development in an international strategic alliance

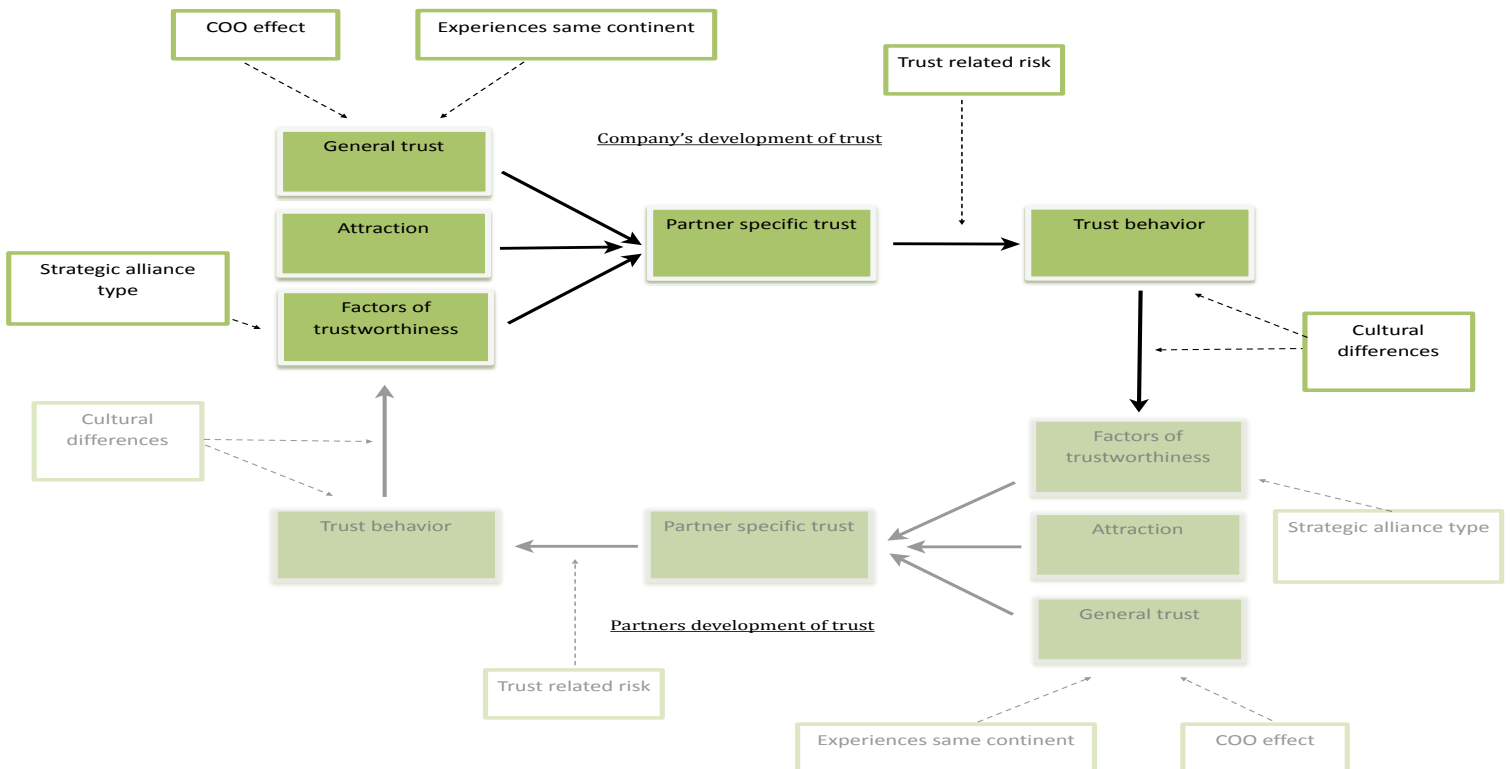


Figure 8 Model of trust development in an international strategic alliance

Discussion of the model

The model of trust development shows a process, which is in line with other trust models; it is a complex process with several antecedents. The relevance of each factor depends on the situation; a company, who had bad experiences before on certain 'factors of trustworthiness', determines these factors as important for trustworthiness. If less information is available about the partner, the trust of a company will be also built on other factors like the country-of-origin effect and earlier experiences with companies from the same continent. But if a relationship continues the interaction with the partner will become more important while other factors become less important. Certain factors may influence the trust process, but might be overwhelmed by other factors.

'Experiences with strategic alliances on the same continent' (experiences same continent) turned out to be an important factor to reduce the influence of other factors. For instance a company, which had experiences cooperating with companies from the same continent, noticed that the behavior of the company doesn't depend on the country-of-origin. Therefore this company didn't value the country-of-origin effect, while other companies mentioned that the country of origin might influence trust in a company. Companies, which had experiences before with partners from a different culture, knew that it doesn't have to be of negative influence on trust development unless you take into account. This is according to Luo (1997), who suggests that the acquired knowledge from experiences stimulates trust between companies. International experience influences the fit between partners and increases effective communication with foreign partners (Zeira & Shenkar, 1990). It is even a critical factor to the success of an intercultural joint venture (Luo, 1997).

Beside 'experiences same continent', 'attraction' is overwhelming the influence of other factors. If companies are attracted to each other, other issues are less important. It turned out to be the main factor for trusting the partner in the startup stage of the alliance and for some companies it was an important factor during the whole cooperation. Attraction reduces risk and enhances openness, which reduce the risk of opportunistic behavior and in this way it enhances trust. Because attraction increases the willingness for knowledge exchange, the influence of attraction on trust development in this research may even be more because all involved strategic alliances deal with knowledge transfer. On the other hand reducing risks and openness is important in every relationship, because it lowers the risk of opportunistic behavior.

The objective of this research was to get more intelligibility about the influence of culture on trust. Authors (Hofstede, 2001; Huff & Kelley, 2003; Zucker, 1986) indicated that Asian cultures have less trust in outsiders than Western cultures. Also some respondents mentioned that building trust takes longer in Asian countries than European countries. But the starting points of trust drawn by the respondents didn't show any differences between Dutch and Korean companies. Cultural differences played a role in the involved strategic alliances. But in most cases, 'cultural differences' did not disturb the development of trust, because the companies take it into account. Companies adjusted their expectation of 'trust behavior' to cultural differences, which prevents problem. Taking cultural differences into account is easier if a company has experience with different cultures, because it knows better what to expect.

Because trust is influenced by several factors, it is assumable that culture is overwhelmed by other factors like 'experiences same continent' and 'country-of-origin effect'. This according to Evans & Mavondo (2002) who indicate culture as one of many factors to consider when companies go abroad. Doney et al. (1998) suggests that situational factors influence the relevance of a cultural dimension. For instance whereas individualism is important in leadership issues, uncertainty avoidance is important in budget control practices. The cultural differences between Korea and the Netherlands focus on the individualism, power distance and communication. Individualism and power distance are more important in situations where hierarchy plays a role. Autonomous partners characterize the strategic alliances in this research and hierarchy doesn't play a role. Communication in these knowledge strategic alliances might play a role, but

the companies do not indicate this as a problem. This may be due to the fact that if companies decide to cooperate with a company from abroad, the level of English has to be good and less communication problems will exist. In this perspective it is possible that a strategic alliance between for example a German and Indian company face differences on other cultural dimensions and this has more influence on trust. On the other hand several examinations (Luo, 1997; Nakata & Sivakumar, 1996; Parkhe, 1998; Shah & Swaminathan, 2008) show that cultural influence may be overwhelmed by other factors. Ng et al. (2007) suggests cultural differences might be moderated by trust, which will mean that trust is influencing the relevance of cultural differences in a strategic alliance. However the respondents indicated culture as a factor influencing trust if you not to take into account. Taking cultural differences into account is easier if a company has experience with different cultures. This is according to some articles (Luo, 1997; Parkhe, 1998; Zeira & Shenkar, 1990), which describes international experiences as a factor that increases the ability of a company to overcome cultural differences.

To conclude we may say that trust development is a complex construct, which will be different in every situation. This research provides a model of trust development, which shows trust development as a complex process with several antecedents. The model shows the important factors, but in some situations several factors will not be of importance. Two factors turned out to be of great importance: 'experience' and 'attraction' overwhelm other factors and moderate negative factors. But also at this issue complexity exist, because without these two factors trust could also develop.

Management Implications

Strategic alliances are often not the first choice of companies, because of the involved risks. Internal and external uncertainties exist and the circumstances of a strategic alliance may change. How companies adapt to these changes can determine whether an alliance is a success or not. It is hard to predict changes in a strategic alliance and therefore flexibility and knowledge is of importance (Parkhe, 1998). Adapting to external uncertainties is easier by knowing the market and adapting to internal uncertainty is easier by knowing the processes of a strategic alliance.

When starting an alliance, manager needs to appreciate the crucial role of trust development, because it is one of the most important processes in a strategic alliance. A lack of trust is often cited as key reason for failed strategic alliances. Managers need to know the development of trust, to anticipate on the antecedents of trust development. The presented model of trust development in international strategic alliances helps to understand the process of trust. By studying the models managers are aware of the influencing factors and can adapt their behavior or know what to expect. The model shows trust development in an international context, but is also useful for strategic alliance within in a country. Cultural differences do not only exist on national level, but also organizational cultures may differ. In this perspective the model is useful for every company in a strategic alliance.

To use the model in an effective way managers in a strategic alliance have to gain knowledge on three levels: knowledge about trust development, knowledge about their partner and knowledge about their own company. Knowledge can be gained by searching for information on the internet, at the chamber of commerce or embassy, but knowledge can also be gathered by own experiences. Knowledge by own experiences gives a more confidential feeling about what to expect and how to react. It also recommended that companies evaluate their business relations and learn from the past.

Below recommendations regarding several factors of the trust development model in an international strategic alliance will be presented. A questionnaire for managers can be found in Appendix V: Trust checklist, which can be used as a checklist for a new or an existing strategic alliance.

Recommendations

- Know which strategic alliance type is preferred or used, so that it is known which 'factors of trustworthiness' are important with a partner. This can be used by the selection of the partner. For instance a shallow dependence strategic alliance entails the risk of unreliability. It is of importance in this strategic alliance to have a reliable partner. During the selection procedure possible partners can be tested on reliability, for example by a reputation check at other partners. If the partner is already selected, it is also important to be aware of the relation between strategic alliance type and the importance of 'factors of trustworthiness'. For instance a shallow interdependent strategic alliance faces the risk of poor coordination. Being aware of this risk, the company can discuss the risk with its partner and make a plan to reduce it.
- Enhance the feeling of attraction to increase the trust. During a strategic alliance companies can accentuate similarities, for instance by talking about similar experiences. Attraction appeared to be an important antecedent of trust, but it is not easy to influence for companies. The 'click' exists or not. Without attraction trust development is possible, but attraction helps to overwhelm negative factors. Although attraction itself is not easy to influence, knowledge about this factor can be used to select a good partner.
- Talk internally about the 'general trust' in strategic alliances. Negative 'general trust' may influence 'trust behavior' and the perceived 'factors of trustworthiness'. The company might not be aware of this effect. One of the companies in this research had bad experience with Chinese companies, because they copied their products. Therefore the company gathered information about Korean companies, to check if they are also known as 'copy country'. By being aware of 'general trust', companies can anticipate on their 'general trust' feeling and check if this counts for the partner.
- Talk within the company about the 'partner specific trust'. The presence of (unaware) negative or positive trust feelings can be checked. For example when a company doesn't fully trust the partner on his competences, it can check this by asking the partner about his competences.
- Be aware of the perceived risk. In every relationship some risk is involved, but also for this factor counts that being aware of the risks is crucial. First, the company needs to discuss internally the risks of the business relationship and how to reduce these. It is recommended to discuss the perceived risks with the partner thereafter. If a company perceives risk regarding the integrity of the partner, then the company should discuss it with the partner. By discussing the risk, the companies may come to terms regarding the risks.
- Gather information about the culture of the partner. Selecting a partner with the same culture creates a higher chance to success of the strategic alliance. It is not always possible to select a partner with the same organizational culture. As discussed before, cultural differences play an important role. As concluded from the interview results, cultural differences do not have to be a problem, unless you take it into account. It is recommended that a company gain knowledge about the culture of the partner: this can either be on a national level but also on an industry or an organizational level. For instance a Dutch company involved in this research gathered information regarding that Asian companies don't like directness and like a slow start of the alliance. The company adapted their 'trust behavior' to the cultural differences and reduces the risk of problems regarding cultural differences.

Limitations

In this section the limitations of this research are explained and suggestions for further research will be made. First of all some methodological limitations will be discussed, regarding construct validity, internal validity and external validity. Secondly some general limitations will be discussed and at the end suggestions for further research will be elaborated.

Construct validity is to secure that correct operational measures have been established for the concepts that are being studied (Yin, 1994). Triangulation through multiple sources of data or interviews is desired. In this research only a single source of data is used, interviews, which means a limitation for this research. The influence of this limitation is reduced by the literature research from several perspectives, which lead to a model. The use of quotes and cross-case tables influence construct validity positively (Beverland & Lindgreen, 2010).

Internal validity is to make sure that a causal relationship has been established, in which certain conditions lead to other conditions (Yin, 1994). This can be enhanced by cross-case analysis, which is the case in this research. Cross-case analysis in this research has been done in three ways, which enhances the internal validity. This research contains some case studies, which showed some negative development of trust, and negative cases increases the internal validity. A limitation to internal validity is that the research is not a longitudinal study with time series analysis.

External validity is to prove that the case study's findings can be generalized (Yin, 1994). A limitation to external validity is the limited number of cases. The generalizability can be questioned, since the case studies all have the same strategic alliance type and all include a Dutch and a Korean company. This research method is deliberately chosen to exclude other factors influencing the development of trust. The case study population is described and implications of this specific population are taken into account, which reduce this limitation. The conclusion of this research is not specific related to knowledge transfer strategic alliances or Dutch and Korean characteristics and is also applicable in other strategic alliances or even other cooperation's between companies.

Reliability is demonstrating that the findings from a case study can be replicated if the case study procedures are followed (Yin, 1994). In this research the same interview protocol is used during each interview, and the respondents received the same information before an interview. Coding scheme and tables of results are presented and constructs are well defined and grounded in literature. In this research one coder is used, which could negatively influence reliability.

Besides the methodological limitation, some other limitations need to be discussed. A concern of this research may involve the characteristics of the respondents. It is possible that the respondents who agreed to participate in the study were generally more willing to trust outsiders. The interviews contained confidential information and the respondent needed to trust the interviewee that it will be treated confidential. However, the confidential aspect of this research was emphasized to the respondents and the starting point of trust drawn by the respondents, didn't show a high level of trust.

Another limitation related to the respondents is that the respondent contacts came from the Netherlands embassy in Seoul. Probably more Dutch-Korean knowledge strategic alliances exist, but this information could not be gathered. This means that the group of cases to select from was smaller. The embassy assists companies with finding a company for cooperation, advices in doing business with a different culture, assists in finding specific information etc. This means that the selected companies had the opportunity to get assistance in doing business with each other. In this way the chance for problems is less and especially regarding cultural differences, because the embassy can provide information to take cultural differences into account. It is possible that cultural differences play a more important role in strategic alliances between companies, which had no assistance from an embassy.

In this research the focus was solely on trust between organizations and the personal factor was not taken into account. In some trust articles (Mayer, et al., 1995; McKnight, et al., 1998) the personal factors is mentioned. The main factors in the trust process, experience and attraction, might be a personal characteristic. During the interview it turned out that often not one sole person has contact with the other company, but a few employees. Respondent often mentioned the 'we' form instead of the 'I' form. The respondents have been asked if an opinion is personal or count for the whole company and the respondents indicated in all cases that their colleagues would think the same.

Further research

To limit the scope of this research, the focus was only on national culture, although cultural differences within countries exist and organizational culture might play a role in a strategic alliance. Pothukuchi et al. (2002) found that negative effects on strategic alliance performance originated more from differences in organizational culture than from differences in national culture. National cultural differences have to be taken into account, but also other 'cultural' differences need to be taken into account. It is important to know the partner to overcome these differences (Parkhe, 1998). Further research is necessary to study the influence of other cultural differences on trust.

In this research only two cultures have been involved: Dutch and Korean. Future research could focus on to test this model in a research with different cultures. Recommended is to involve several kinds of culture combinations, for instance: German-Indian strategic alliance, German-US strategic alliances and US-Indian strategic alliances. In this way it could verified if the results of this research can be generalized: no influence of culture on 'general trust' and low influence of 'cultural differences' if it is taking into account.

The starting point of trust drawn by the respondents show some differences and in this research it turned out that it is due to experiences of the companies with strategic alliances with companies from the same continent. However within the group of companies, which had experiences on the same continent before, differences in the start level of trust show up. A suggestion for future research is to study the underlying factors of the start level of trust.

Remarkable in this research was that all respondents had a positive opinion about the country of the partner. The reason might be that the respondents did not fully trust the interviewee, but on the other hand respondents talked about negative behavior of the partner. It may also cause by the fact that companies choose a company from a country with a positive feeling (COO effect). Less research exists on the topic of country of origin effect on cooperation's between companies and future research could elaborate this topic.

Attraction turned out to be of great importance in this research, although no literature exists about the influence of attraction on trust. First of all literature about attraction mainly involves the antecedents of attraction and less the influence of attraction. A few authors (Burkhardt & Brass, 1990; Byrne, et al., 1971; Van Oudenhoven & Deboer, 1995) suggest that the main cause of attraction, similarity, influence business relationships positively. This may indicate that attraction is influencing a business relationship, but the relationships between attraction and trust in business relationships is under exposed. Further research could discuss this relationship and elaborate the function of attraction as mitigating other antecedents of trust.

The last suggestion for further research involves testing of the model on a larger scale. The limited number of case studies, the specific type of case studies and the limited data sources has already been discussed as a limitation. In future research this model should be tested by studying if the model is also applicable to all kind of business relationships and maybe even to personal relationships.

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Appendix I: Sample questions

Dear,

In advance to give you an idea about the interview, here some sample questions:

1. How often do you have contact with your partner about this strategic alliance?
2. How important is trust in this strategic alliance?
3. Could you tell me what you knew about Netherlands before the strategic alliance?
4. Could you tell me the main reasons to trust your partner at the startup stage of your alliance?
5. What kind of behavior of your partner would influence your trust into your partner positively?

The interview will take approximately 45 minutes.

Appendix II: Interview questions

General questions:

1. Could you describe the cooperation with firm X about?
2. Could you tell me the reason(s) that you started cooperation with firm X?
3. How did the first contact established?
4. How important is trust in this strategic alliance?
5. Does the importance of trust change during a strategic alliance?
6. Are there any legal factors to take into account with your alliance?
7. Do you have a contractual agreement with your partner?
 - a. If no, why not?
 - b. Is a contract important for trust? Why?
 - c. If yes, could you tell me what is described in the contract?
8. Did your company have to make any investments for the cooperation?
9. Did your company get any subsidy from the government?

General trust:

10. Did you have contact with your partner before starting up the alliance?
 - a. If yes, what was the contact about?

Strategic alliance type:

11. How important is this alliance for the success of your company?
 - a. Could you explain the importance?
12. How often do you have contact with your partner about this strategic alliance?
 - a. What kind of contact: face-to-face, phone, videoconference, mail etc?
13. Is it easy to switch to another partner for your company? Why/Why not?
 - a. Do you think it is easy to switch to another partner for firm X? Why/Why not?

General trust:

14. Did you ever have strategic alliances before?
 - a. If yes, how are these strategic alliances expired?
 - b. Did these results influence your trust in this strategic alliance?
15. Did you ever have strategic alliances with Korean companies before?
 - a. If yes, how are these strategic alliances expired?
 - b. Did these results influence your trust in this strategic alliance?
16. How would you describe trust?
 - a. How do you think your partner thinks about trust?
 - b. What are the main factors for you to trust somebody?

National differences:

17. Could you tell me what you knew about Korea/Netherlands before the strategic alliance?
18. What was your perception about Korea/Netherlands before the cooperation?
19. Were there any differences compared to your own country?

- a. If yes, did you think at that moment that these differences could influence the cooperation?
 - b. Did these differences influence trust?
20. Did your perception of Korea/Netherlands change during the cooperation?
- a. If yes, in which way did it change?
 - b. Which factors changed your perception?
 - c. Did these changes influence trust?

Partner specific trust/factors of trustworthiness:

- 21. Could you tell me the main reasons to trust your partner at the startup stage of your alliance?
- 22. Which factors did influence trust in your partner at the beginning of your alliance? (Factors of trustworthiness)
- 23. Could you tell me the main reasons to trust your partner now?
- 24. Which factors would influence trust in your partner now?

Risk:

- 25. Are there any risks involved for your company in having this strategic alliance?
- 26. Do these risks influence your behavior to your partner?

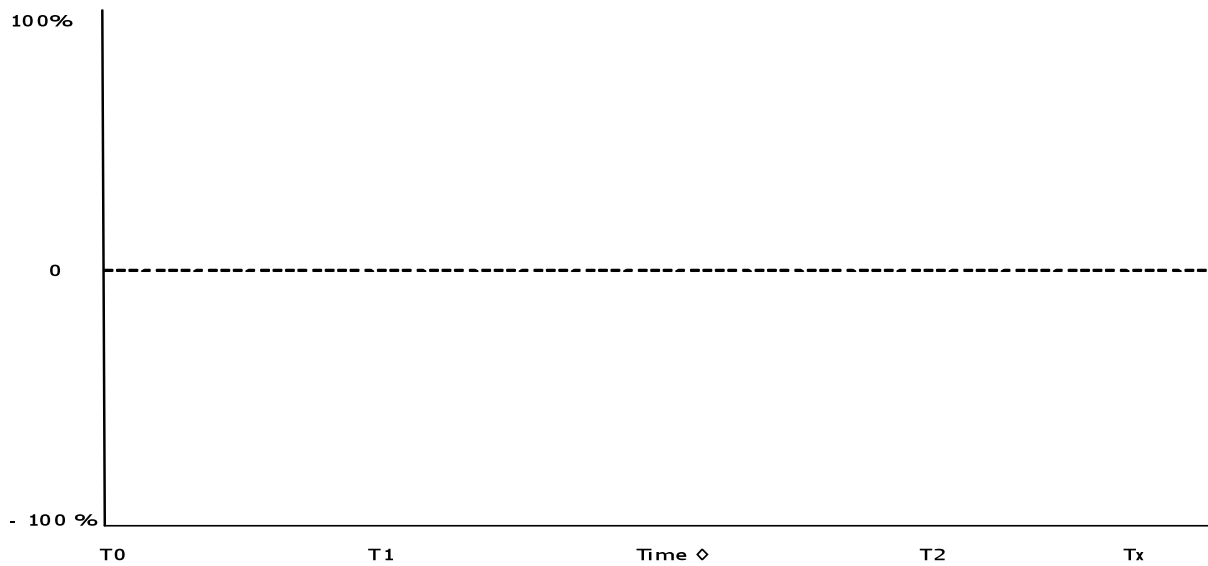
Trust behavior:

- 27. What is your own behavior based on?
- 28. What are you doing to enhance the trust of your partner into you?
- 29. What kind of behavior of your partner would influence your trust into your partner positively?
- 30. What kind of behavior of your partner would influence your trust into your partner negatively?
- 31. Did you see some changes in the behavior of your partner?
- 32. Did you expect these changes?

Levels of trust:

- 33. Could you draw the development of trust?
 - a. Discuss the drawn line of trust level

Level of trust



T0 = first contact for setting up this alliance
T1 = start alliance
T2 = this moment
T2 - Tx = future

General questions:

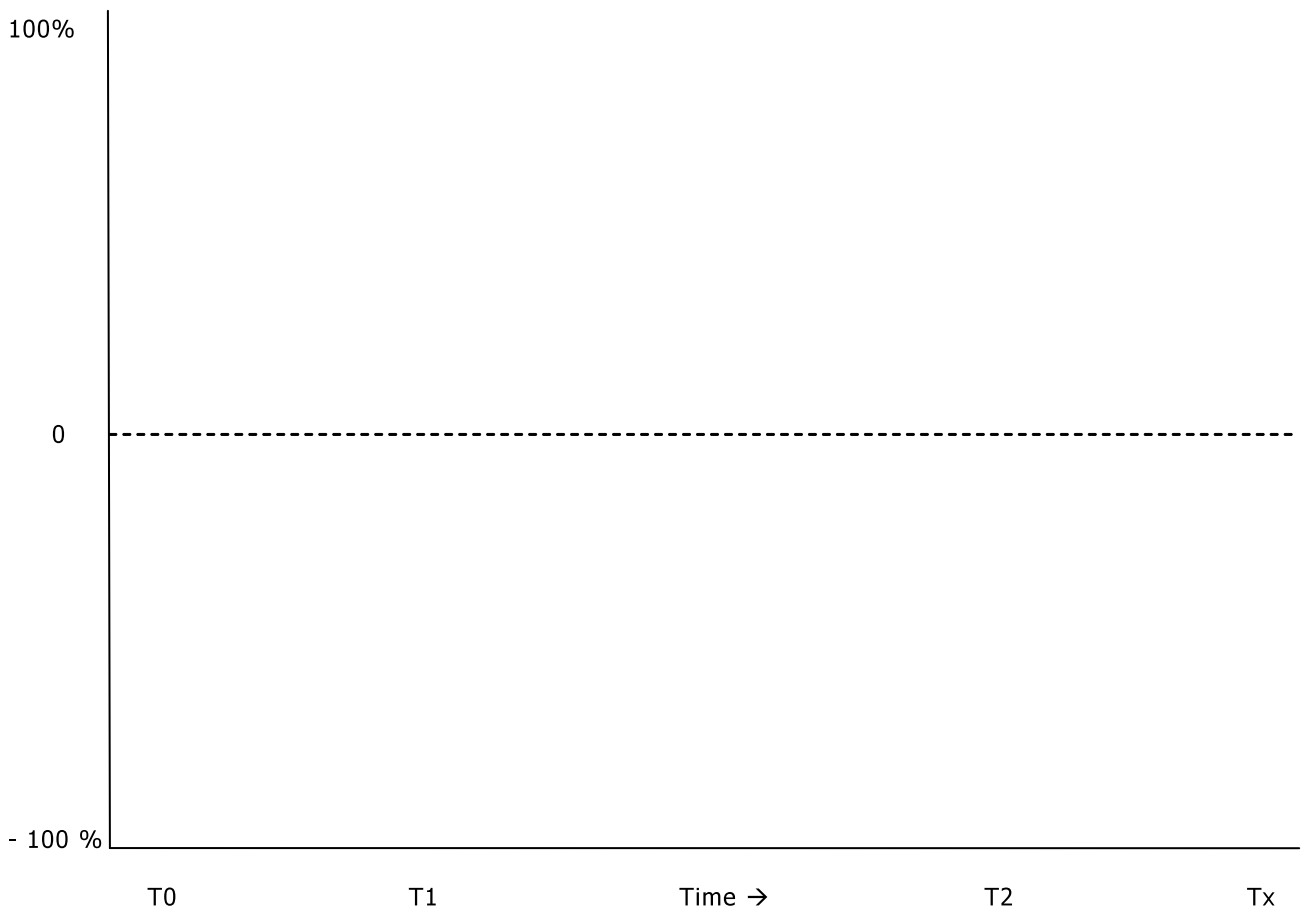
34. What do you expect for the future of your strategic alliance in general?
 - a. What do you expect regarding the development of trust?
35. Are there any other remarks regarding the topic of trust in your collaboration with firm X we didn't discuss and you want to add?

Appendix III: Fax trust chart

FAX

TO:	A. Wijlens (Embassy of the Netherlands)	FROM:	
FAX:	+82 2 311 8650	FAX:	
PHONE:	+82 2 311 8600	PHONE:	
SUBJECT:	Trust level	DATE:	December 14, 2010
COMMENTS:			

Level of trust



T0 = first contact for setting up this alliance
T1 = start alliance
T2 = this moment
T2 – Tx = future

Appendix IV: coding scheme

<i>Factor</i>	<i>Attributes</i>	<i>Values</i>
Strategic alliance type	Dependence	High: at least one of two elements: - Hard to switch to another party - Alliance important for success of company
	Depth	Deep: contact at least once a month
Experience	Experience other cooperation's	Yes or No Respondent opinion: positive or negative
	Experience Dutch – Korean cooperation's	Yes or No Respondent opinion: positive or negative
Factors of trustworthiness	Ability	Number of elements
	Benevolence	Number of elements
	Integrity	Number of elements
Risk	Risk	Respondents opinion: Yes or No
Trust behavior	Influence on trust	Respondents opinion: Yes or No
	Influence receptiveness	Number of elements
	Forbearance	Number of elements
Cultural differences	Cultural differences	Respondents opinion: Yes or no
	Influence of difference on trust	Respondents opinion: Yes or No
COO	Knowledge partner's country	Respondent opinion
	Perception partner's country	Respondent opinion: positive or negative
	Perception partner's country influence on trust	Respondent opinion: yes or no
	Starting point level of trust	Respondent's draw of level of trust
Attraction	Attraction to partner	Respondents opinion: 'we had a 'click', 'We had chemistry with our partner', 'we had a good feeling with the partner'
	Attraction influence on trust	Respondents opinion: yes or no

Appendix V: Trust checklist

During the selection procedure of a new partner:

1. *What is the strategic alliance type of our new relationship (dependence/depth)?*
 - a. *What are the related risks?*
 - b. *What characteristic of our partner is important to reduce this risk?*
2. *What are the similarities between our potential partner and us?*
3. *What can we learn from previous experiences with strategic alliances?*
4. *Did we have any experiences before with companies from the same continent?*
 - a. *If yes, what can we learn from these experiences?*
 - b. *Do we expect the same with our new partner?*
 - c. *How can we check if this expectation is right?*

During a strategic alliance:

1. *What is the strategic alliance type (dependence/depth)?*
 - a. *What are the related risks?*
 - i. *How can we reduce these risks?*
 - b. *Related to the risks, what are the important factors for trust?*
 - i. *What can we do to enhance these factors of trust?*
2. *What are the similarities between our partner and us?*
3. *How is our trust in the partner?*
 - a. *On what factors is this trust based?*
4. *What are the risks of this strategic alliance?*
 - a. *What can we do to reduce these risks?*
5. *What are we doing to enhance the trust of our partner in us?*
 - a. *Can we do more to enhance the trust?*
 - b. *How will the partner receive our trust behavior?*
6. *What do we know about the national/industry/organizational culture of our partner?*
 - a. *Are cultural differences playing a role in our relationship with our partner?*
 - b. *What can we do to take into account the cultural difference of our partner?*