



This report sought to have a better understanding of *trust in strategic alliances*. The group had firstly come up with objectives to ensure a clearer direction for the undertaking of this research.

Next, an interview with a practicing manager (Appendix 1) and subsequent library research were conducted to provide us with the necessary information that will facilitate our understanding of the chosen theme. Seminars were also attended in hopes that additional data can put the group in a better position to address our issue. A mind map was subsequently drafted to entrench our alignment to the stated direction (Appendix 2). It is also integrated to aid in comparison of similarities and differences between the gathered information.

Data collected from these three sources were sieved and analysed. Following that, an integrative critique was done up to provide a flow of the issues identified, namely:

- (1) Trust- Fundamental in Strategic Alliances**
- (2) Trust development in Strategic Alliances**
- (3) Distrust-a hindrance to trust building**
- (4) Trust-a double-edged sword**

Next, the group also highlighted points learnt. This section was conceived from the reviewed literature and that it was put down on paper as we felt that it gave us important pointers as developing practicing professionals. A section on future trends was also done up to show the undertaking of further analysis on trust with relations to our theme. Following, a critique was reviewed on how the group fared in carrying out the project.

Lastly, individual reflections were included to provide an insight of the learnings of all group members with regards to the interview and seminars.





1.0 Introduction

“An alliance is a close, collaborative relationship between two, or more, firms with the intent of accomplishing mutually compatible goals that would be difficult for each to accomplish alone” (Spekman, Isabella and MacAvoy, 2000,p37). They are fast becoming very popular these days as they can exploit advantages such as wider market access, better technology/skills access and greater economies of scale among other things (Harbison and Pekar, 1998). As such, organisations are becoming more intimate in terms of their operations and strategies. The decision to collaborate is a risky and calculative one. Trust, “the essential intangible asset of effective alliances and interpersonal webbing that knits organisations together” (Austin, 2000, p127), must be present for a successful collaboration. It is the miracle glue that binds organisations together and lead them to achieve their joint objectives.

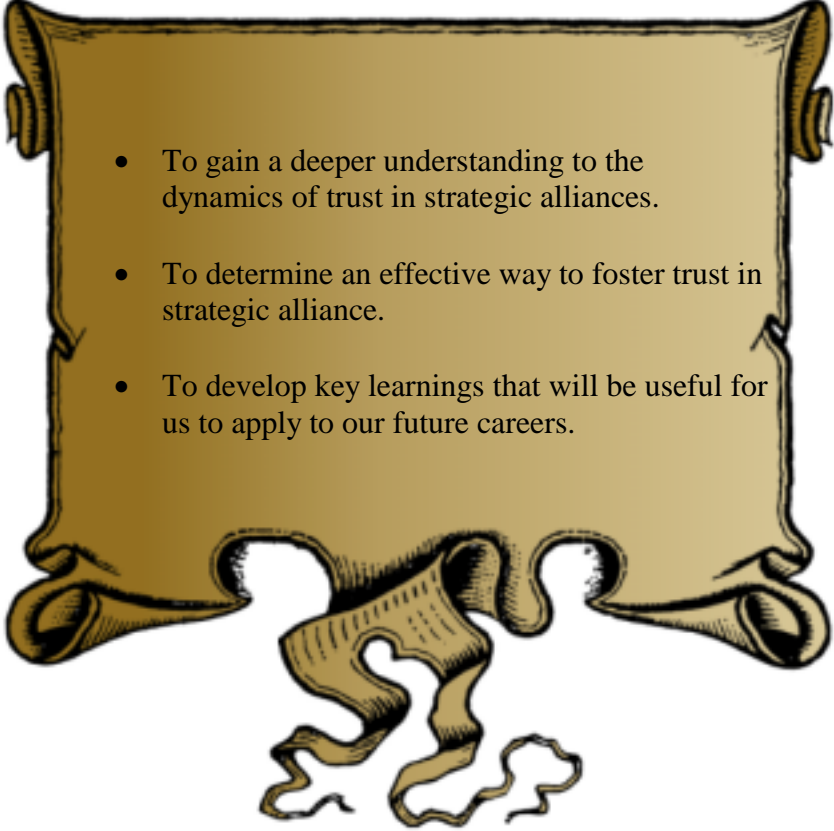
While trust takes considerable time to develop, it can also be broken in an instant. It is fragile and should be handled with great care. Trust can be facilitated in several ways and risk is one of them (Shaw, 1997). The paradox of trust can breed distrust just as well if the risk-taking goes awry, hence sharpening the other edge of the double-edged sword.





2.0 Key Learning Objectives

The Group has embarked the project with the aim of achieving the following objectives:

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- To gain a deeper understanding to the dynamics of trust in strategic alliances.
 - To determine an effective way to foster trust in strategic alliance.
 - To develop key learnings that will be useful for us to apply to our future careers.



3.0 Integrative Critique Of The Selected Literature

3.1 Summary Table Of The Selected Literature

Article 1: *Trust*

Book: Child, J. And Faulkner, D. (1998) *Strategies Of Co-Operation: Managing Alliances, Networks And Joint Ventures*, Oxford University Press, New York.

Trust means having sufficient confidence in a partner to commit valuable know-how

Trust is significant in strategic alliance because alliances often combine elements of cooperation and competition which adds to the risk and precariousness of the cooperation

The paradox of Trust

Proposed that trust development stages can evolve in step with strategic alliance development model

Article 2: *The Critical Success Factor- Trust!*

Book: Howarth, G., Gillin, M. And Bailey, J. (1995) *Strategic Alliances: Resource-Sharing Strategies For Smart Companies*, Pitman Publishing, Melbourne.

Trust makes things easier and creates the potential for long-term relationship.

Trust can substitute for formal contracts, playing a powerful role as a social control.

Categorise the development of trust into three phases

Identifies factors and behaviours essential for development of strong relationships

People in organisations are important to the development of trust

Article 3: *Trust, Control And Risk In Strategic Alliances: An Integrated Framework* **Periodical:** Das, T.K And Teng, B.S, *Organisation Studies*, 2001

Highlights the linkage between trust, control and risk in strategic alliance.

Identifies various types of risks, trust and control modes.

Trust and control both determine one's perceived total risk.

Risk management in alliance is a complex endeavour.

Provides a systematic framework to manage risk in complex alliance situations.

Article 4: *Mergers And Acquisition Mania: The Craze Is On And Companies Can Go Crazy With It.*

Journal: Lum, A. *Economic Bulletin*, Jul 2001, Singapore, P24-27

Clashing cultures- overriding reason to why mergers fail.

Companies are too focused on the financial aspect thus neglecting cultural aspects.

What matters in a merger are not what merges, but what emerges.

Communication that comes from leadership can rebuild trust.

Different company culture creates distrust.



Interview: Ms Angeline Teo, Distribution Development Manager Of Qantas British Airways (QFBA)

Crucial to find a company that has similar aims and objectives and can be relied upon.

Through positive experiences of collaboration, trust can be further developed.

Cooperative behaviour helps to restore the trust impeded by the trying issues.

Consensual decision-making helps align the alliance's direction.

Putting trust on another company is like a gamble; there are always risks involved.

Blind Trust leads to wastage of time and resources.

Suspicious nature of human being impedes trust.

**Seminar: *Survival Skills For The Long Haul*
*Essential Skills For A New Manager***

Looking through others' eyes provides a platform for trust-building and deeper understanding.

Trust is an important factor in building relationships.

"Triggers" are things in life that you have to watch. Be Proactive.

Table 1: Summary of Articles, Seminar and Interview





4.0 Main Issues Identified

While analysing the data for the purpose of the integrative critique, it was found that the identified issues were linked in such a way that it can be presented in a “flow” format. For Example, issue 3 stems from the violation of the trust development process in issue 2.

4.1 Trust- Fundamental In Strategic Alliances (Cooperative Relationships)

Child and Faulkner (1998), Howarth, Gillin and Bailey (1995), and Das and Teng (2001) suggested that one critical factor determining successful alliance performance is the degree of trust established between the partners. However, most alliances failed to take off because they fall short in addressing this complex component. Similarly, social psychologists argue that trust is an essential ingredient in any constructive human relationship (Jennings, Artz, Gillin and Christodouloy, 2000). Since relationship building is a vital part in the process of fostering commitment in an alliance, trust is therefore considered the fundamental necessity to partnership.

With relevance to being fundamental in strategic alliances, trust can be said to be like tarot cards, predicting the viability of alliances. This is so because people deemed trust as being directly related to the formation of networks that accomplish business transactions. (Fukuyama, 1995). Therefore, high level of trust in strategic alliances enables one party to have sufficient confidence in the other to act in the interest of the alliance. Risk and uncertainty is thereby reduced because each party have mutual confidence that neither will behave opportunistically and exploit one another's vulnerabilities. This would lighten the cost of monitoring the actions of the other.

Trust can also be seen as a source of sustainable competitive advantage as it is difficult to imitate. In addition, **Howarth, Gillin and Bailey (1995)** said that trust could also



substitute the need for formal contracts, playing a powerful role as a social control. This in turn reduces the need to create formal governance mechanisms thus lowering the cost of coordinating exchange.

On the contrary, Bachmann, Knights and Sydow (2001) caution that trust should not be considered as a convenient and simple solution to achieve stability, flexibility and efficiency in organisational relations. They argued that even if trust is the dominant element, it usually occurs as one element in a complicated process of coordinating and controlling.

However, without a certain degree of trust, it is almost impossible to establish or maintain successful organisational relations over time. Thus it is still a necessity for companies to be equipped with the necessary knowledge to the development of trust.





4.2 Trust Development In Strategic Alliances

Howarth et al (1995) put forth that trust development between alliances can be categorised into 3 phases. Basically, phase 1 dealt with cooperation between the partners. Phase 2 includes the establishing of conditions that are needed to maintain (if not enhanced) the relationship and lastly, phase 3 is the “cementing” stage of closer integration, both strategically and operationally.

Though not fully elaborated on how trust is being developed in phases 1 and 2, it was still pointed out that the following were needed to place phase 3 into action:

- Development of people interface, systems and procedures
- Learning about each other’s business
- Expectations set and demonstrate integrity and honesty
- Routinised a steady exchange of information
- Back and forth motion of reciprocity and risk-taking

In phase 3, they said that to establish the “cementing”, people must come together and ensure continuity in the relationship; otherwise trust will never be there.

Similarly, **Child and Faulkner (1998)** suggested that trust is also developed in the 3 stages of alliance development. They are the formation, implementation and evolution stages.

The formation stage gathers information about one another and identifies similarities and benefits for the alliance. Calculated moves are to be made before cooperating with and trusting each other. The implementation stage spawns mutual understanding trust by making sure that the right people from the various firms possess the appropriate technical skills and work cooperatively with one another. Lastly, the evolution stage permits an even more stable relationship to progress, as this is the stage where accumulated knowledge of each other has reinforced the bonding trust between them.





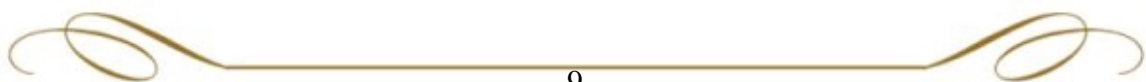
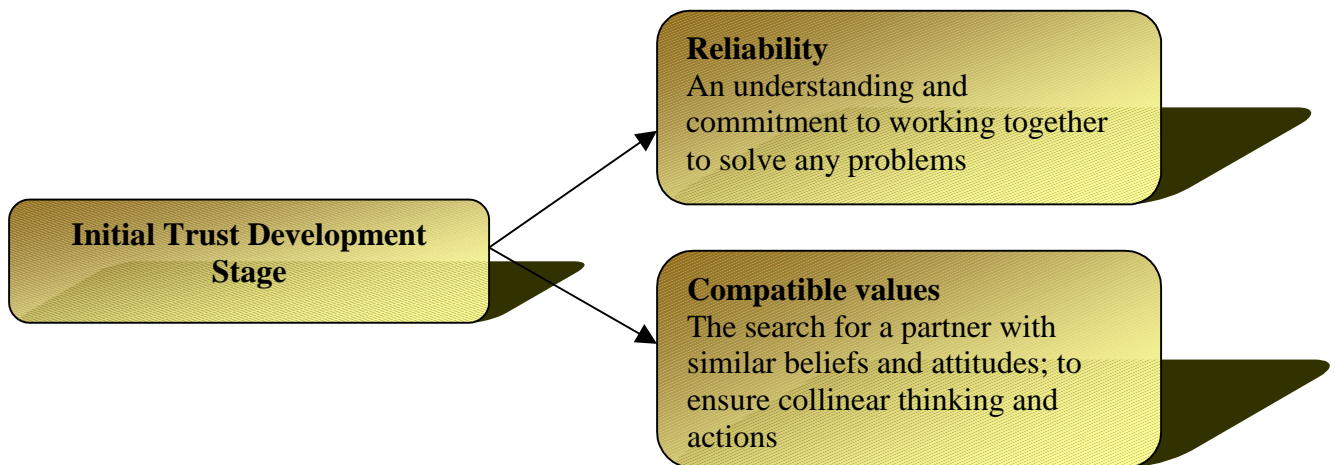
Taking an overall view on the 2 trust development ideas, areas of similarities are spotted (see Diagram 2)

In the cooperation phase and formation stage, both needs to find partners with compatible values and of required degree of reliability. Once found, calculated decisions are made whether to partner or not. At this point, full comprehension of each other has yet to reach a certain level, hence exposing both to risks if trust is given.

At the implementation stage and maintenance of relationship phase, necessary conditions are needed to be established to build the relationship. Both needs responsibility and equality from the partnering firms to maintain goodwill. By doing so, mutual trust can be developed further.

Lastly, in the evolution stage and “cementing” phase, the common feature is the acknowledgement of each other’s differences. Once these differences are recognised, bonding trust can be strengthened as both companies are aware of each other’s position and know where each is coming from.

Inter-Corporation Relationship Factors That Are Linked To Trust Development



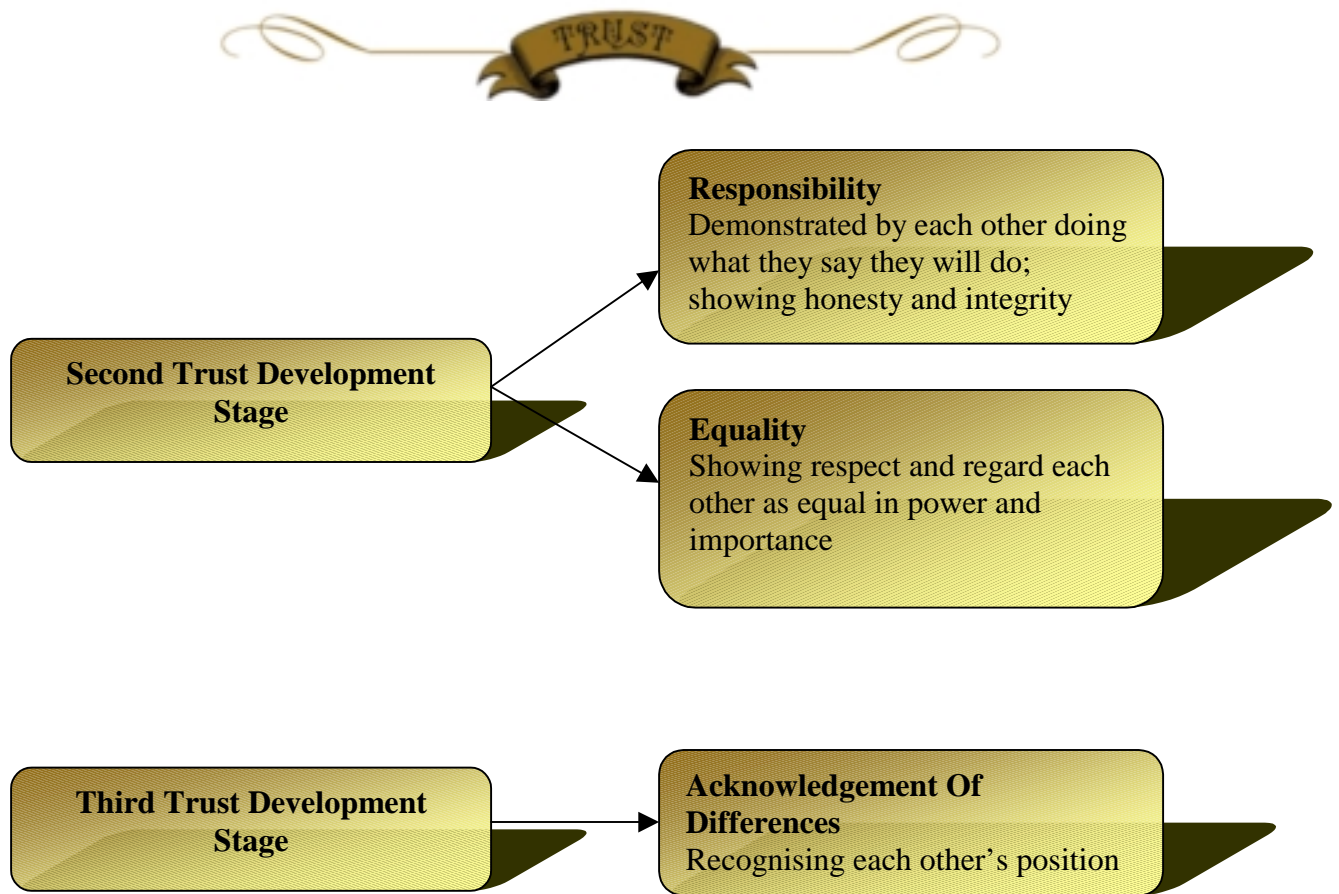


Diagram 2-Adapted and modified from Howarth et al, 1995

While trust is developed in these stages, it must also be highlighted that in order for the development to be continuous and smooth-flowing, trust facilitators such as communication, being clear on agenda, avoidance of coercive power and long-term relationship focus should be present. Should any of the stages be not properly done, trust could be impeded and broken. When this happens, distrust will be built up over time and if the alliance is not careful in detecting it, serious repercussions can put the partners back to square one.



4.3 Distrust- A Hindrance To Trust Building

When there is a failure in the trust development process, it provides a loophole for distrust to seep in. Once trust is lost, it is not easily gained again (Marshall, 2000).

From the interview, trust is the foundation of progress in any partnering companies. While companies are being run by people, herein lies the paradox as humans are suspicious creatures by nature. This results in us being more secretive and as mentioned by **Lum (2001)**, secrecy and inconsistency breeds distrust. **Howarth et al (1995)** and **Das and Teng (2001)** both mentioned that when trust is missing, the likelihood of one or both partners having hidden agenda increases. This inhibits the progress of cooperative relationships.

When this happens, there is a tendency to withhold information from each other. This is especially evident when two or more companies with differing cultures come together not knowing if the other is reliable. Moreover, it indicates a higher chance for distrust to infiltrate.

Secondly, a costly and too-common pitfall mentioned by **Lum (2001)** is that merging companies tend to focus too much on the financial aspects of making profits but neglects the culture factor. Culture, is a silent killer as it can affect morale and productivity that in turn leads to financial failure. Companies' greatest mistakes in mergers are that they are concerned with what merges and not what can emerge leading to failure of alliances.

No doubt "complete distrust will be too great a burden, complete trust will be too great a risk" (Shaw, 1997, p17), hence control is needed to ensure a balance of trust. **Das and Teng (2001)** pointed out that control can be detrimental to trust because regulation implies sense of distrust. Yet it is argued that proper control can increase trust as mentioned by **Lum (2001)**. Therefore, controls can be either advantageous or detrimental depending on situations.





4.4 Trust- A Double-Edged Sword

From the previous issue, it has highlighted that complete trust will be too great a risk; yet trust cannot grow unless we take risks that may result in distrust.

Alliances between companies are like marriages. They are inherently a risky strategy that needs to be built on trust. “Trust and risk give rise to each other; it is rare to find one without the other” (Shaw, 1997,p.24). **Das and Teng (2001)** acknowledged trust as the positive expectations about another’s motives with respect to oneself in situation entailing risk. This is reinforced by **Child and Faulkner (1998)** that trust is risky as without uncertainty in the outcome, trust has no role of any consequence. The irony here is that trust between the partners is required to help overcome the threat (risk), yet at the same time the source of the threat inhibits the development of trust.

In today’s economy founded on knowledge transfer, alliance related risks are increasingly complex. Companies fear that their partner will ‘steal’ intangible resources such as marketing know-how and engineering talents (Gari, 1999). Such situations calls for them to establish trust to reduce the potential tensions and anxieties that can be created by short-term inequities which are inevitable in relationships. **Howarth et al. (1995)** highlighted that to facilitate trust; the relationship should be structured to achieve equitable sharing of benefits and risks. Yet companies are reluctant to take or even share risks in fear that they become vulnerable.

To manage the vulnerability associated with trust, companies must make the first step of taking only small risks in initial relationships. This provides an opportunity for them to test if their trust is warranted. Although this initial period does not guarantee that everyone in the alliance is trustworthy, it does provides a chance for them to gain more information about each other and about the wisdom of working together (Shaw, 1997).

The process of breeding trust is gradual: a small risk brings forth some level of trust and soon the partner takes a more significant risk and over time trust builds. From the





interview, working out trying issues between partners may lead to a gradual reduction in initial distrust. Thus, strengthening their foundation of trust.

Trust comes with a price. “Trust is about risk and risk is about the choice to expose oneself to a situation where potential damage may be greater than the advantage sought” (Kramer and tyler, 1996,p 178). Trust increases our vulnerability to others while distrusts decrease that vulnerability; this is where we face competing needs. Thus the question that companies should ask themselves is to be risk takers or to be risk adverse and be willing to waive the associated advantages such as reduction of monitoring cost as well as economies of scale. Trust being a double-edged sword leaves companies in such dilemmas.





5.0 Key Learning Points

This section reviews the key learnings that the group has gathered after evaluating the selected literature. We found these learnings useful in developing a better understanding on the dynamics of trust in alliances.

5.1 Communication

“Communication and interaction are central to the trust-building process” (Austin, 2000, p.127). 70% of alliances fail, often because of a lack of trust and breakdown of communication between partners (Rosen, 2001). This reinforces the point that **Child and Faulkner (1998)** made about the use of open communication being paramount to the development of a strong and successful relationship. The entire process of strategic development requires some form of communication (Refer to table 3). Should there be a point where there is a failure to communicate the mystery house effect will occur and result in conflict and misunderstanding (Marshall, 2000).

The rapid pace of change in most industries today indicates the need for corporations to increasingly gather accurate and timely information in making decisions. In situations where stakes are high and the amount of cultural similarity is low, partners should develop mechanisms to facilitate open communication and regular sharing of information. Open communication is not just about sharing information, is also about sharing of perceptions and feelings, if left unsaid, can build into fear and resentment that inhibits the development of a high-trust culture. This reflects the criticality of the need for commitment to an open-book approach to information.



Stage (Based On Article 1)	Form Of Communication And Their Benefits
Formation stage	<ul style="list-style-type: none">• Communication is required for information sharing during the negotiation process. However, information is not shared that openly.• Thus, communication should be reciprocal to overcome the feeling of belonging to different camps (Doz and Hamel, 1998).
Implementation stage	<ul style="list-style-type: none">• Communication is required for the partners to understand each other more intensively to be able to carry out operations• Communication and the willingness to share information in an open and timely manner, leads to greater credibility and facilitates the next stage of establishing common norms and values.
Evolution	<ul style="list-style-type: none">• Communicating clearly the alliance own identity and culture.• To ensure a stable on going relationship.

Table 3: Forms of communication required in the strategic alliances development process





5.2 Risk, Trust And Control

“Trust and control are inextricably interlinked with risk in strategic alliances” (Das and Teng, 2001,pg 1) (Please refer to Appendix 3) and for effective alliances to take place, the management must understand the dynamics of the roles of these three key elements.

The table below describes the types of risk, trust and control modes available.

Risk	Trust	Control Modes
<p style="text-align: center;">Relational risk</p> <ul style="list-style-type: none"> The probability and consequences of not having satisfactory cooperation 	<p style="text-align: center;">Goodwill trust</p> <ul style="list-style-type: none"> It is about one’s good faith, good intentions and integrity 	<p style="text-align: center;">Formal control</p> <p style="text-align: center;">Behaviour control</p> <ul style="list-style-type: none"> Measuring behaviour or the outcomes of behaviour <p style="text-align: center;">Output control</p> <ul style="list-style-type: none"> Measure outcome base on an assessment of members performance
<p style="text-align: center;">Performance risk</p> <ul style="list-style-type: none"> The Probability and consequences that alliance objectives are not achieved, despite satisfactory cooperation 	<p style="text-align: center;">Competence Trust</p> <ul style="list-style-type: none"> It is concerned with the capabilities and resources of the partner 	<p style="text-align: center;">Social control</p> <ul style="list-style-type: none"> Focus on developing shared values, beliefs and goals among members so that appropriate behaviours will be reinforced and rewarded

Table 4: Summary of the various types of Risk, Trust and Control Modes





The relationships between the three key players are as follows:

Trust and Risk

In any partnership, there will always exist the shadow of relational risk, however establishing Goodwill trust in the alliance can downplay this fear of non-deliverance from the other partner. At the same time, if partners in the alliance have established competence trust, the fear of performance risk will not undermine their relationship.

Control and Risk

Control is a vital function of any organisational operation. It helps to contain probabilities of sharp deviations that may hamper the attainment of goals and objectives.

Behavioural control (formal control) should be used to regulate the conduct of partners to prevent major surprises, thus reducing relational risk. On the other hand, output control (formal control) reduces performance risk as it closely monitors performance and ensures that the partner firms achieve the stipulated objectives. This form of control aids in directing the attention of alliance managers to key performance measures, so that they may react promptly when performance risk rises to dangerous levels.

Relational and performance risks brought forth by the joint operations can be greatly reduced by the workings of social control (informal control). This is because social control helps to regulate a common culture and value of the alliance.

Trust and Control

Control is often detrimental to trust. In the case of formal control, the strict rules and objectives that restrict the members' autonomy to decide what works best undermine goodwill and competence trust. In contrast, social control can boost goodwill and competence trust through establishing shared norms and values.





On the other hand to have effective control, a certain level of trust is needed. Social control is most effective when there is relatively high level of trust. Trust reduces the level of resistance and brings harmony to the controller-controllee relationship. If there should be a lack of trust, partners will question the motive and the competence of the controlling partner. Thus making inhibiting effective control modes.

5.3 Investment In Time

Trust is a very delicate commodity. It must be noted that to build trust is not an easy thing. So delicate and fragile, the slightest mismanagement can swiftly put the companies back to square one, hence enormous time is taken to build it.

At the seminar, Mr Yow said that one aspect of work is in managing relationships. Trust is used as a tool in managing relationships as it is about “selling” ideas to each other rather than forcing, hence it needs considerable investment in time to establish that kind of trust. Also, one manager from the Starbucks-CARE alliance said that sometimes people have to sit down and talk with one another in order to develop trust and that takes time; this usually starts off on a one-to-one basis and works it way up to the group levels (Austin, 2000).

On the flip side, if too much time is taken to build trust, it would be opportunities forgone, especially in monetary terms. Besides, people are suspicious by nature. Multiply that by a thousand fold when companies, made up of many people, form alliances and you will see that trust can easily be broken by any of these bags of suspicions.

Summing up the words of **Howarth et al (1995)**, generally the development of trust is a relatively slow process, however it can be destroyed very quickly.





5.4 Mutual Interest

As the saying goes, “it takes two hands to clap”, this is also true in cooperative relationships. Both parties must reciprocate trust and not let it be an one-sided affair. With this, their collaboration will be strengthened.

If mutual trust were developed, it would reduce the cost of monitoring the other party. The partners’ energy can be then be redirected towards achievement of mutual benefit which will is healthy for the strategic alliance (**Child and Faulkner, 1998**).

Having shared vision and compatible goals signal mutual interest and it facilitates trust building. In the Telecom and Hewlett Packard alliance, a strong relationship and shared vision were absent and the inability of the alliance partners to ensure mutual obligations undermined the possibility of developing trust (Howarth et al, 1997). Therefore, it is imperative to have mutual interests and same goals because differences in motives can create interest conflicts (Dacin, Hitt and Levitas, 1997).





5.5 Culture

Cultural incompatibility has led to many failures in strategic alliances (Fedor and Werther, 1995). If there is a culture clash, negative synergies may occur (Buono and Bowditch, 1989). These clashes can lead to unhappiness and conflicts may even result in distrust occurring as feelings of betrayal sets in. Medcof (1997) cited the alliance between Northwest Airlines and KLM airlines as one where the alliance was profitable but significant animosities resulted due to differing cultures of both partnering companies.

Yet cultural differences can also be viewed as the ignition spark for something new. This not only reduces chances of conflict but also allow room for innovation to stay competitive in this fast paced environment. Seen in the Nissan and Renault alliance, cultural differences are being utilised as opportunities to innovate achievement towards business objectives of the joint operation rather than a handicap (Emerson, 2000).

5.6 Life Is Not Always Stage 1, 2, 3

Child and Faulkner (1998) and **Howarth et al (1995)** pointed out that there are phases in trust development and that each stage must be stabilised before proceeding to the next stage. However, the group feels that the development of trust is a more complex and an uncertain process than just these three stages. It can vary depending on the situation encountered, prior experiences or even on the basis of gut feeling. Indeed, life is not always so systematic with stages and checklists to follow but full of uncertainties. For example, in times of crisis, unrelated people who belong on the same side (both companies) will unite together and fight their enemy (competitor). The situation allows no time for them to analyse which stage they are in.





6.0 Group's Action Plan On Trust Building In Strategic Alliances

As strategic alliance are becoming more wide-spread, our group have formulated an action plan to facilitate us as future managers to handle and build trust in alliances situations.

Leaders Of The Alliance Can Adopt The Following Action Plan To Foster Trust Within Organisation.

- Leaders from both organisations should address employees from both company together and explain why they should trust each other. Inspire employees with the potential collaborative advantage, how it can benefit them and paint a grim picture of the future of the company if everyone do not trust each other.
- Open communication of future directions and plan how to disperse the information accurately and timely.
- Be genuinely concern for each other, hypocrisy can be detected a kilometre away and will only make people distrust you more.
- Build and maintain a trusting environment, or shared space for knowledge exchange using humour, fun and fair reward and disciplinary process to generate and sustain a cohesive and high-performing inter-organisational team.
- Set yourself up as the right example. Keep your promises.
- Foster the environment to allow identifying and operationalising ideas that inspire and challenge the collaborating parties.
- Be sensitive in cross cultural settings. You will achieve more and earn respect if you take the effort to take note of their way of doing things.



7.0 Future Trends

From the integrative critique, it is evident that trust is the cornerstone of any successful business relationship. Long before the development of Internet, face-to-face communication typically formed the basis for long-term and profitable partnerships, instilling confidence in both parties. However, with the explosion of business-to-business e-commerce, trust can no longer be built on a handshake. This is an issue that companies should address. E-commerce is taking over the world at a tremendous speed, companies need to engage in forward thinking to adjust their business processes to deal with the change. The advent of Internet technology may have brought about greater opportunities to buy and sell from or partner with any company, anywhere, anytime. But it has also brought with it a level of complexity revolving around language, currency and local trade regulations etc. Companies till date may have come up with technology solutions to counteract these difficulties. However they have failed to replace or improve the fundamental attribute, trust, required to conduct business. “Recent studies have shown that face-to-face interaction promotes the greatest trust, followed by the telephone, then text chat and last the email” (Sklar, 2001,pg 1). We believe that trust cannot be replace by technology. For it to exist, there ought to be some form of “human touch” in order to develop successful business co-operation between companies.



8.0 Group's Critique

After doing this project, our group did a reflection on the way we carried out the research to identify what we have done well and what are the difficulties we have encountered. This aids in helping us discover our strengths and weaknesses as a group and either enhance or improve our undertakings in future projects.

8.1 Limitations To The Study

Limitations
<ul style="list-style-type: none"> ▪ Differing Perceptions limited us from reaching a consensus. The Process of coming to a consensus was relatively time consuming
<ul style="list-style-type: none"> ▪ The restriction to gather up-to-date articles limited our research scope

8.2 Difficulties Encountered

Difficulties
<ul style="list-style-type: none"> ▪ Hard to integrate data at the initial stage
<ul style="list-style-type: none"> ▪ Too many overlapping issues lead to difficulty in drawing a distinct difference in them.

8.3 What We Did Well

What did we do Well
<ul style="list-style-type: none"> ▪ Managed to keep to our assigned schedules despite the tight deadlines of other projects
<ul style="list-style-type: none"> ▪ Constantly remind us to avoid taking data at face value and be able to identify parallels and contradictions in the integrated literature gathered.



9.0 Conclusion

In this day and age, no organisation is an island. They will need to have trust and rapport with others in order to operate. It is imperative for all levels in the organisations to know the various stages of trust development and the factors linking to it.

More often than not, it is hard to develop the trust because of the uncertainties and complexities involved. Organisations, like humans, are also hesitant in stepping forward in trust building. This eventually leads to distrust unconsciously. With distrust, a heightened sense of precaution is mobilised and this makes it difficult for organisations to form successful alliances. It will require one to take some risks before real trust can be fostered.

When dealing with trust, any mishandling by either side can breed distrust and this can seriously impair the trust that may already been in existence. While it may take ages for trust to be built, it can also be destroyed in just a fraction of a second. Organisations often learn that that trust comes with such a price. They must be quick enough to identify and differentiate the multi-aspects of trust development, namely communication, culture, control etc. For it is these aspects that can help them understand the dynamics to trust in successful strategic alliances.



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