CHALMERS

Impact of Trust on the performance of Multi-national Partnerships, Joint Venture, Merger and Acquisition

Master of Science Thesis in the Master's Programme International Project Management

MOEN FADHEL ABOOD

Department of Civil and Environmental Engineering

Division of Construction Management

CHALMERS UNIVERSITY OF TECHNOLOGY

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ABSTRACT

During the trend of companies to extend business internationally and establish different types of long-term alliances through sharing resources and knowledge either to maximize profit or to sustain competitive advantages, the trust role in partners' relationships remains poorly understood phenomenon and needs further research.

This research aims to study the trust impact on the performance of multi-national partnership, joint venture, merger and acquisition. Likert Scale questionnaire was adopted to acquire quantitative data through open ended answers from 132 (directors/managers) from 10 countries, and collect as much as possible qualitative primary data via providing the model with text boxes to give the respondents more freedom to show their comments. Moreover, two case studies were investigated for further topic illustrations.

The findings show that partners' commitment and the level of trust among them are the greatest factors which affect the partnership performance, therefore concluding that the mutual trust and the partnership success are strongly interdependent.

Key words: Partnership, Joint Venture, Trust, Relationships, Performance, Sony Ericsson and TNK-BP

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Preface

The wave of multi-national partnerships and strategic alliances have grown from the nineties till now to emerge the need for more collaboration, exchange resources, knowledge and technology amongst firms for the purpose of capturing more customers who prefer products of high quality and low price. Therefore, these firms can sustain their competitive advantages in the global market and develop the profitability and economic scale.

The success of any partnership depends on its performance and outcome that are often measured through partners' satisfactions and other stakeholders. As reported in the former and current partnering literature, the partners' relationships certainly play an important role in the performance of the partnership and its success and in particular trust factor between the partners of various cultures.

Although trust is regarded by social scientists is the center to human relations as well as the strategy for dealing with uncertainty from the view of professionals in the partnerships, it is still poorly understood and needs more studies to discover its impact on the performance and success of any type of partnership, especially when occurs in the multi-national environment.

This Thesis concerns the study of the trust as a vital factor which plays an influential role on the partnership success or failure, which is worthy of further verification.

Göteborg August 2013

Moen F. Abood

List of Abbreviations

MNPs	Multi-national partnerships
MNPP	Multi-national partnership performance
SE	Sony Ericsson
BP	British Petroleum
TNK-BP	Russian oil company
J.V.	Joint Venture

Chapter One - Introduction

Introduction

The trend of extending business globally becomes a widespread phenomenon adopted by many companies worldwide to achieve and maximize profitability and economies scale (Hennart, 2007; Thorne, Ferrell, & Ferrell, 2011). The extension may generate a new business entity in terms of partnering process and may take various forms of strategic partnerships such a joint-venture, merger and acquisition. This notion becomes a very topical issue to report the success of companies (Darby, 2006) in different sectors like industries, tele-communication and construction projects. The partnership occurs as an alliance between two or more organizations committing themselves to work together (Tennyson & Wilde, 2000) to achieve common objectives reaching to a required strategic goal.

Many academic publications dealt with the concept of partnership, and offered the potential situations and critical factors that influence the partnering activities through all phases of the partnership from the initial, formative, and operative stages until the results stage.

Large numbers of researchers studied theoretically the influence of trust factor on partnerships performance, but few of them for example (Mukherjee & Nath, 2003; Silva, 2006) have investigated empirically the impact of trust on partnerships success in the multi-national environment.

Organizational scholars and researchers have different standpoints about the role of trust on partnerships. Some of them point to the correlation between trust and control as two essential factors which play roles in the success or failure of the partnership, but those roles rely on the circumstance of that partnership (Das & Teng,1998; Faulkner,1999). Trust is described as an essential pillar of human relationships by others like Burke & Barron (2007), whilst Kramer & Tyler (1996) refer to the benefits of trust in terms of

costs control. Trust is also regarded decisive for relationship continuity and an important complexity facilitator in financial planning as described by Sharma and Patterson (1999). Other scholars further the claim that the partnership performance seems to be an outcome of contextual variables through which the trust acts as an intermediate variable and is placed in a mediatory position among explanatory variables such as communication effectiveness, technical quality and functional quality (Gill & Butler, 1996; Sharma & Patterson, 1999; Gill & Butler, 2003). On the other hand the role of trust is regarded by Karlsen *et al* (2008) only important to build a well-functioned business relation. However, the trust impact on partnership formation and improvement differs according to the partner nationality and the previous reputation of partner (Gill & Butler, 2003; Smyth, 2006; Nielsen, 2007).

The former and current partnering literature is reviewed in chapter two of this dissertation, specifically focusing on diverse insights amongst the researchers about trust's role as one of the influential key factors affecting the success of the multi-national partnerships, therefore highlighting the gap in literature about trust role in partnerships that forms a necessity and rationale for this study.

1.1 Research Aims

This study aims to investigate in details and provide a clear insight about trust impact as an influential factor on multi-national partnership in order to offer solid academic background about global alliances. Thus contribute to fill part of the literature gap relating to the role of trust in producing successful partnering relationships, that was portrayed as "little research has been done on how trust (…) operates to affect the performance of interfirm exchange" by Zaheer, McEvily *et al* (1998a) cited in Silva (2006).

Furthermore, this research hopes to help firms that wanted to globalize their work in order to mitigate business risks through considering the role of mutual trust in enhancing the endeavors of collaboration among multi-national partners.

1.2 Research Question

Rudestam & Newton (2001, p.44) state that "research questions can be formulated as a way of explicating any theoretical assumptions and orienting the investigator to the primary goals and tasks of the study".

The secondary data was explored from reviewing the existing and former partnering literature refers to the lack of trust that causes the partnership failure, but not strongly like cultural consistency factor or the lack of flexibility and professional management as Huang, *et al* (2011) believe, whereas others like (Faulkner, 1999; Mukherjee, & Nath, 2003; Silva, 2006) put trust upon superior rank of the influential factors on the partnership performance.. In other words, there is no consensus among researchers about the degree of trust impact, although no one denies the role of trust in promoting the relationships among the various partners and the distrust caused problems leading to the failure of some former multi-national partnerships (Mizrachi, Anspach, & Drori, 2007). Therefore, the problem statement could be stated as:

"Secondary data shows that the lack of trust results in failure of Multinational Partnerships"

In order to investigate the impact of trust on the multinational partnerships, this research should give answers to some researchable subsidiary questions:

- *Why do firms tend to establish multi-national partnerships?*
- *How can observers evaluate the success of multinational partnership?*
- *Does Multi-national partnering entity improve relationships & trust?*

For fully exploring the relation between each of the variable trust and performance in the topic area of multi-national partnership, the research will generate the below research question:

- *Is trust a high level factor in achieving a successful multinational partnership?*

1.3 Research Scope

APM Body of Knowledge (2006, p.34) states that "…identification and definition of the scope must describe what the project will include and what it will not include, i.e. what is in and out of scope". The work scope of this dissertation is to investigate rapidly the factors affecting the multinational partnerships and then emphasize particularly on the impact of mutual trust in successful multi-national partnerships, joint ventures, mergers and acquisitions. This research focuses also on many related themes such as the relations of trust and cultural differences, trust and governance, trust and organizational structure, trust and communication and finally trust and leadership. Considering these themes helps to evaluate the trust role in enhancing the multinational partnerships performance. In addition to survey professionals two case studies that will be considered to understand the impact of trust at work environment.

1.4 Research Methodology and Data Collection

This dissertation trends to adopt an interpretivisum philosophy which mentioned by Bryman (2008) in order to grasp the meanings of human behavior and events in the multi-national partnerships. The strategy applied in this investigative research mixes between reviewing the former and existing partnering literature and a detective-deductive method to find solution to the research problem. Adopting the quantitative approach in this research through the use of Likert Scale survey and trying to gather respondents' opinions to be qualitative as much as possible are applied in the same time to enhance the research and ensure the accuracy of the obtained information.

Data was collected from 132 respondents (professional and decision-makers) from various countries USA, UK, UAE, India and Australia, Ireland, New Zealand, Russia and Thailand via SurveyGizmo. Furthermore, a couple of case study is analyzed for more understanding of the partnering topic.

1.5 Research Structure

This dissertation is organized and structured to include six chapters:

Chapter 1 contains the Introduction

Chapter 2 reviews the Literature

Chapter 3 includes Research Methodology

Chapter 4 investigates two Case Studies

Chapter 5 presents Primary Data Collection, Findings and Analyzing

Chapter 6 encloses the Conclusion and Recommendations

Chapter Two - Literature Review

2. Introduction

For granted reviewing of literature is very important for any dissertation, since it "can be the most time-consuming of all dissertation challenges" (Rudestam & Newton, 2001, P.229). Fink (2005) identifies seven tasks for the research literature review: selecting research question, selecting sources, websites and other bibliographic, choosing search terms to conduct appropriate knowledge sources, a practical screening criteria, applying methodological screening criteria, doing the review and synthesizing the results. Moreover, Bryman (2008) regards that literature acts as an impetus for researchers to focus on a neglected aspect of topic or validate ideas created previously and have not been tested.

In this chapter, the literature will be used "as a corpus of knowledge to extract key theories, arguments, concepts and findings" Hart (2005, p.8) to explore the former and existing researchers' debate surrounding partnerships, joint ventures, mergers and acquisitions and thus to offer a chance of forming a cohesive overview about 'trust' as an influential factor which has impact on partnerships to variant degrees as many researchers have believed, particularly when partnering occur in the multi-national environments.

This literature review sets to fuel two main areas to provide wide understanding about the subject; the first area investigates the theme of partnership in details and the second one is broken down to discuss 'trust' and the issues related with it and their impact on multi-national partnerships.

The stuff of this literature review has been derived from texts in published books, eBooks, academic articles and empirical studies published in Journals and information which is available online in different universities database.

2.1. Partnering Notion & Multi-National Partnerships

Researchers find difficulties when trying to set an appropriate definition to the notion of partnering. It is confused and hard to define (Smyth, 1999). Historically, partnering in its formal sense at least was originated in USA, although most activities adopted the notion of partnering which came from the Japanese application of quality management in manufacturing industries and construction industry MacDonald (2005). The terms 'partnership' and 'alliance' are applied or in engineering, business, construction and various industries to describe a style of partnering relationship between parties using a collaborative approach globally or in the domestic domain, but surely there is a wide spectrum of models including different styles of partnering and various forms of alliances. However, the concept remains in the forefront of business debate and industry (Ericksson, 2011), and several researchers such as Thorne, Ferrell, & Ferrell (2011) believe that the impetus for emerging this concept in business comes from firms desire to remain competitive in the markets.

2.1.1. Partnership Definition

Several definitions were set by scholars and academics to interpret the partnerships, each definition focuses on the topic from a particular angle. The Construction Industry Institute CII (1989) defines the partnership as a long term commitment between two or more organizations to improve performance and maximize efficiency reaching to specific objectives, whereas Egan (1998) furthers that and regarded that the partnership is a way to resolve disputes, measure progress and share gains. Other researchers Bresnen and Marshall (2002) emphasize on the strategic aspect of partnering notion, they have portrayed the partnership as a dynamic process requiring short term learning to be strategically successful. Chi Keung (2005) considers an open and effective communication is important to partnership success in addition to the need of compatibility of companies' visions and strategic plans, trust and profitability. Some exponents looked at the partnership from the angle of relationships, for example Bennett and Jayes (1998) regard win-win relationships as a strategy which reflects the willingness to develop the partnership performance and others claimed that creating

trust in relationships between partners is an essential requirement in partnering entities (Bayliss, *et al*, 2003; Chi Keung, 2005) .Thus, Partnership provides a vast opportunity to improve project performance in all sectors according to Ellis (2004). Trafford & Proctor (2006) defined partnership as an association to share power and exchange knowledge for achieving common goals and gaining benefits. Whilst Gunn (2002) cited in MacDonald (2005) describes partnering "a commitment by those involved in a project or outsourcing to work closely or cooperatively, rather than competitively and adversarial" and MacDonald regarded it as a way to minimize or avoid conflict when they are engaged in complex project. Partnering is seen as a way to facilitate reduction costs (Nyström, 2005). Moreover others claimed in their website that partnerships are often favored over corporations for taxation purposes since, generally, the partnership entity does not incur a tax on its profits before it is distributed to the partners involved (Dineshbakshi.com; Investorwords.com). However, Stavridis (2011, p.67) sums up the preceding definitions of partnership as "it is a relationship between individuals or group that is characterized by mutual respect, cooperation, and responsibility for the achievement of a specified goal".

2.1.2. Partnership Aim

Companies aim creating strategic plans and unifying their visions through the partnering process (Chi Keung, 2005) to evolve performance through building long-term relationships with great trust and coordination (Jones and Saad, 2003), exchange knowledge, develop technology and share resources (Bennett and Jayes, 1998) to remain competitive in the markets (Thorne, Ferrell, & Ferrell,2011).

2.1.3. Partnership Principles

As mentioned before Stavridis (2011) depicts the Partnership as a relationship combines between two or more parties formally to exchange resources and cooperate in order to perform specific goals. Six principles which are described by NIH (2007) cited in Al-

Hassan (2012, p.7) are important to be considered while evaluating the necessity to establish the partnering project:

- principle 1 Acknowledgement of the need for a Partnership
- Principle 2 Clarity and Realism of Purpose
- Principle 3 Commitment and Ownership
- Principle 4 Development and Maintenance of Trust
- Principle 5 An establishment of Clear and Robust Arrangement
- Principle 6 Monitoring, Review and Organizational Learning

2.1.4. Partnership Advantages & Disadvantages

Several researchers reiterate that the partnership is advantageous and brings welfare to all entities involved (McQuaid (2000);Thorne, Ferrell & Ferrell, 2011; CCFRC, 2012). Moreover, some of them went to more than that by regarding the partnership project is paramount to establish foundation for daily interaction amongst partners in terms of commitment and trusted relationships (slater, 1998). At the same time Bennet and Pearce (2006) cited in Stokes (2012) criticize the partnering relationships and regard them the cause to inhibit profitable firms' development and undermine the new businesses and quality.

Advantages: the partnership benefits do not appear overnight, so the effective and inclusive partnerships takes time (CCFRC (2012), and some of the researchers attempted to determine these advantages. McQuaid (2000) looks to the partnership as a tool to increase the effectiveness and efficiency, a pool of resources which gives legitimacy, moreover, it is a way for poverty reduction according to Thorne, Ferrell & Ferrell (2011).

Disadvantages: The partnership is disadvantageous when its agendas, objectives and goals are not clear, there is a lack in partners' liability towards providing the required resources, not equity for example in founding and decision making, the domination of a partner on another, when there are clashes due to partners' different standpoints and

philosophy McQuaid (2000) and also the partnership is risky when conflicts occur amongst partners due to cultural difference (Morisisni, 1998; Silva, 2006; Mizrachi, Anspach & Drori, 2007; Xia & Lin, 2010).

However, the uncertainty in literature whether the partnership is more advantageous than non-partnering, Stokes (2012) attempts limitedly through an inductive study to discover the reasons led to the partnering process. His empirical study results eight advantages of partnering process, improved relationships took the higher rank among the collaborative working, increasing profits, repeating business, projecting of costs, reducing conflict, increasing trust and greater performance took the lower rank.

The belief that still there is a necessity to validate the former researchers' insights based on that it is important for this dissertation to answer the following subsidiary question:

Why do firms tend to establish multi-national partnerships?

2.1.5. Partnership Success Indicators

Through reviewing the partnering literature this dissertation attempts to find an answer to the second subsidiary question in chapter 1, section 1.2:

How can observers evaluate the success of partnership?

In order that organizations can be capable of measuring the success of their partnerships, several Key performance indicators (KPIs) are designed to benchmark the performance (Emmitt and Gorse, 2003; Lin, *et al*, 2011). According to Yeung, *et al* (2008) one of these indicators developed in Hong Kong is the Partnering Performance Index (PPI) which uses factors like *the time of performance; cost of performance, commitment of top management, trust and respect, quality of performance, effective communications, innovation and improvement* to assess the success of the partnered project. Structural Equation Model (SEM) is further partnering performance measuring tool which described by Chen, et al (2008) identifies four critical factors to evaluate the success of partnership as *long term quality, cultural collaboration, resources and*

consistency as well as the model describes four factors to assess the failure of partnership performance which will be mentioned in section 2.1.6 later.

Several researchers cited in (Silva, 2006) like (Bucklin and Sengupta 1993; Dussauge and Garrett 1995; Kale, Dyer *et al*., 2002; Lambe, Spekman *et al*., 2002) have used the performance as an indicator of a successful alliance in their studies and that performance could be evaluated through either measuring the *degree of partners' satisfaction* which is intangible or via measuring the *sales volume and profit* of the joint venture which is tangible (Culpan, 2002 cited in Ahmed, & Pang, 2009).

It seems that there is a consensus amongst the authors that the efficient way to evaluate the success of the partnership or any partnering entity is through assessing its performance and the factors related with it, such the quality, cost, profit and time. This could be recognized by observing the partners' satisfaction and other stakeholders.

2.1.6. Partnership Failure Indicators

The Structural Equation Model (SEM) which is described by Chen, *et al* (2008) identifies four critical factors of *lack of trust, lack of flexibility, lack of professional management and inadequate environment* to evaluate failure of the partnership. Huang, Bruzga & Wang (2011) further that, but they stated that the partnership failure is strongly affected by a lack of flexibility, professional management and lack of trust which seems obviously in the end of their list. That means they regard the lack of trust has a little influence on the partnering failure comparing with Chen, *et al* (2008) who considers it of significant influence on the failure and success of partnership.

2.1.7. Multi-National Partnerships & Partners' Relationships

The last sections have discussed the concept of partnering process in general. In the current section highlights the notion of multi-national partnership and why firm extend s internationally to establish partnering relationships with other in other countries.

Culpan (2002) depicts establishing the multi-national partnership or joint venture as a process in which two or more firms from different countries collaborate and contribute their resources to create a new independent entity for achieving specific outcome. This comprehensive definition was furthered by (Wallace, 2004; Stavridis, 2011) Another description to the international alliance was set as "any medium to long-term cooperative relationship, whether or not based on equity or a contract that entails frequent interactions between the allied corporations" by Silva (2006, p.4).

However**,** it is important to understand why the notion of multi-national partnering has been emerged, according to (Ahmed, & Pang, 2009; Thorne, Ferrell, & Ferrell, 2011, p.38) "in order for many businesses to remain competitive, the must continually evolve to reach global markets and anticipate emerging world trends" that means the main reason for the firms that come together in multinational partnering relationships is to achieve growth and sustain competitive advantages which they can find in the platform of partnership.

The establishing of multi-national partnership, joint venture and other types of partnering could be viewed and analyzed from different aspects. It is good to focus on the multi-national partnering phenomena from the angle of partners' decision making process according to Culpan (2002) who pointed out four fundamental stages in the partnering process; *the initial stage, formation stage*, *operation stage* and *outcome stage.*

It seems that after studying the rationale for the partnering project in the initial stage and going on formation and operation stages, the decision makers will face the challenges of how to create new relationships and build trust in all levels of partnering project starting from the top management down to unit managers. It is worth to mention the Admiral Mike Mullen's Say "Developing a relationship on … with some I've never met before can be very challenging…Trust has to be built up over time" (US Army Center, 2011, p.67).

The gap in literature that Silva (2006) points out that there is a necessity to emphasize on the relationships and building trust approach between partners involved in the

partnership and particularly in the multi-national environment leads to the following subsidiary question:

Does multi-national partnership improve relationships & trust?

2.1.8. Partnership/ Alliance /Joint Ventures / Mergers / Acquisitions

The spectrum of relationship contracting models is relatively broad comprising various forms of partnering and different styles of alliances (MacDonald, 2005). The alliances in international environment are set in different labels in literature such '*international alliance*', '*international partnership*' , '*joint venture*' and in marketing field the terms 'international marketing partnership' or 'marketing channels' are usually used according to Silva (2006). There are also other terms such '*multi-national partnership*' used in literature by several authors like (Mizrachi, Anspach & Drori, 2007; Beimborn & Weitzel, 2012) when they describe a strategic partnership between two or more firms differ in nationality or 'Mergers/ Acquisitions' to depict especial cases of partnerships.

2.1.8.1. Joint Ventures

Gill & Butler (1996, p. 81) define the joint venture as "one of a number of possible cooperative strategies that an organization may pursue and may be constructed to competitive strategies that more usually referred to in the literature on business and management". In other words the joint venture is a strategy that adopted the cooperation principle among couple or more firms from several nations involved in macro project at the international level. In this case forming the joint venture amongst the partners as a means to control competitive forces (Gill & Butler, 1996), achieve growth (Ahmed, & Pang, 2009) and share each of benefits and risks, particularly when working in international setting. Elashmawi & Harris (1993) mention the example of the Channel Tunnel as a multi-national the joint venture between France and Britain in 1990 and the Sony- Ericsson J.V. between the Japanese Sony and the Swedish Ericsson in 2001.

2.1.8.2. Mergers/ Acquisitions

The term 'Mergers and Acquisitions' refers to a strategic approach which is adopted by firms to be consolidated, particularly when the time is tough (INVESTOPPEDIA, 2013). The large new combination between two smaller or more firms is useful for rapid growth and creating a more competitive, cost-efficient entity, often that occurs in the private sector at the domestic level (Elashmawi & Harris, 1993). The distinguished difference between merger and acquisition that in the merger, two companies combine in the best interest of both and form a new one, whereas an acquisition occurs due to the unfriendly purchase of one company by another in which no new company is formed (INVESTOPPEDIA, 2013). The examples for that, when several computers manufacturers combine resources to establish an R&D enterprise for the development of a super computer and when consortia combine government, industry and universities in the same country (Elashmawi & Harris, 1993).

2.1.8.3. What is the difference between Partnership and Alliance?

MacDonald (2005) points out to "the important distinction between partnering and alliancing is that with partnering aims and goals are agreed upon and dispute resolution and escalation plans are established, but partners still retain their independence and may individually suffer or gain from the relationship". Furthermore, the term 'partnership' refers to a long term and wider strategic relationships between partners than in alliance or joint venture (MacDonald, 2005).

However, in strategic alliance partners should be pre-agreed performance indicators to create work environment of real 'win-win' or 'lose-lose' (Walker & Hampson, 2003 cited in MacDonald, 2005).

2.1.8.4. What positions for localizing a Co- Brand are?

Firstly, Co-branding can be regarded as a type of strategic alliance between two parties according to Chang (2009, p.77) and was defined it as "Co-branding, is a marketing arrangement to utilize multiple brand names on a single product or service". It acts as a bond of identity between two firms to help in building "trust and loyalty by projecting a continued and consistent set of values".

The different positions of styles between partners create four choices of generic positions illustrated in figure 2.1 for locating the merged brand as described by Chang (2009, p.80):

- Coalition- stands when a union among firms "in terms of merger type, enterprise level" and allows for example a couple of firms to join into a single with a dual brand name;
- Coordination- Stands when placing for example couple of firms "in harmony of the same rank or order in terms of merger type and department level";
- Collaboration- stands for example when couple of firms share their resource, know-how and work "in terms of joint venture and enterprise level";
- Cooperation- stands when couple of firms work jointly together and a new firm entity is produced "in terms of joint venture type and department level" for example the Sony-Ericsson Company which will be discussed in Chapter 4 in this dissertation.

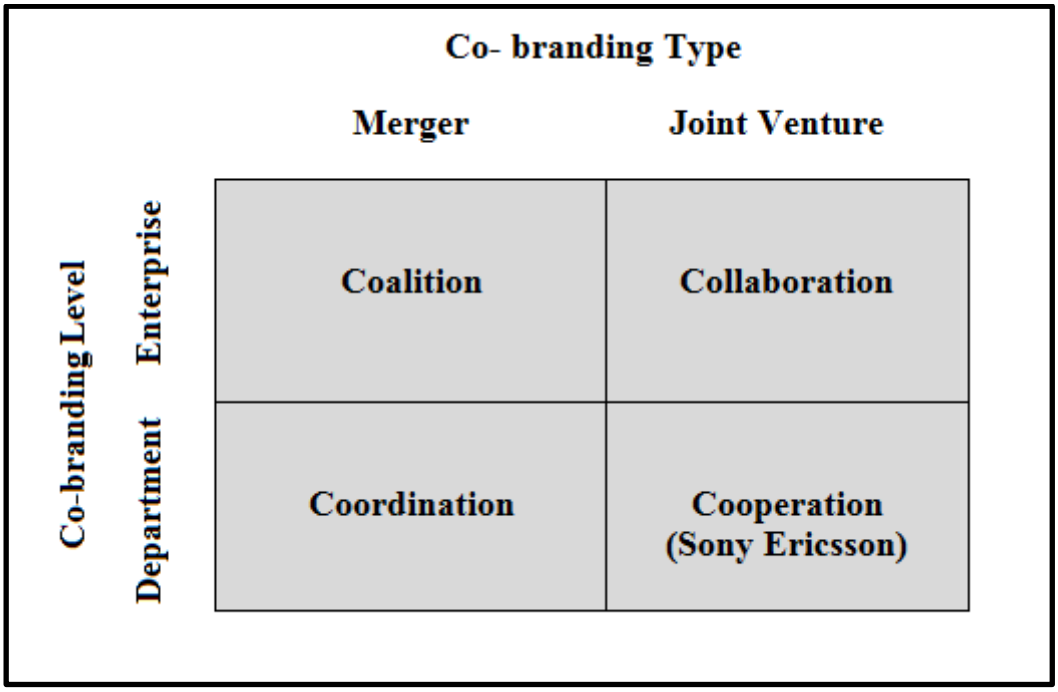


Figure 2.1 Co-branding Source: Chang (2009, P.79)

2.1.9. Multi-National Partnerships Inhibitors

According to Schaufelberger (2000) cited in Stokes (2012, p. 15) an empirical study was surveyed people within the management at the construction sector found that "a lack of trust and open communication as the major inhibitors to forming effective partnering relationships". Al-Hassan (2012, p.81) lists some important inhibiting factors mentioned by the former authors in partnering literature as below:

- Professional issues (different values and culture)
- Structural issues (Geographical boundaries, management hierarchies)
- Procedural issues (Different lines accountability, different degrees of discretion)
- Financial issues (Budgetary constraint)
- Policy issues (Different priorities, overlap and gaps in service)
- Concerns with organizational self-preservation

It seems that the first two factors associated with the issue of partners' cultural background differences that affect obviously most types of partnerships, particularly at the multi-national level. The incompatibility in partners' strategic insights and the political factors (Chapter 4 will provide the example) inhibit the performance of the partnership as well.

2.2. Trust

This section concerns with studying 'trust' as a theme that gathered the attention of scholars long ago. Several efforts have been made by the researchers to highlight the role of trust as a complexity facilitator in building solid relationships among distinct parties of any partnership, specifically in the multi-national environment. The following parts of this section will demonstrate the definition of trust and how trust has been seen from different aspects.

2.2.1. What is trust?

The concept of trust has received much attention from different quarters worldwide (Gill & Butler, 1996). It is still problematic among the researchers. The trust is regarded as a form of behavior by some literature of social science. "It is seen as a behavioral disposition or a subjective state of expectations" (Das and Teng, 2001 cited in Nooteboom, 2002, p. 36) and that is furthered by Nooteboom when he suggests using the term 'trusting behavior' for the behavior and using the term 'trust' for the underling disposition.

However, the interest of sociologists and other social scientists have recently renewed in the concept of trust (Mizrachi, Anspach & Drori, 2007) and the concept of trust in literature has been viewed in various ways based on the context of its usage (Mukherjee & Nath, 2003; Silva, 2006). For example in financial planning 'trust' is regarded as a complexity facilitator (Sharma and Patterson, 1999), while in the field of relationship

‘trust’ is defined as “trust has the characteristic of reciprocity” (Das & Teng, 1998, p. 501) or the “willingness to rely on an exchange partner in whom one has confidence” (Moorman *et al*.,1993 cited in Mukherjee & Nath ,2003).

The trend in this research to study the impact of trust in partnering relationships, so the essential focusing on literature part that understands “trust is decisive for continuity of a relationship” Sharma and Patterson (1999, p.156) as well as defines “trust as a belief, confidence or expectation about an exchange partner’s trustworthiness” (Silva,2006, p.5). Trust has been interpreted in terms of behavior in social science as (Nooteboom, 2002) mentions. Moreover, according to Mukherjee & Nath (2003) ‘trust’ leads to relationship commitment.

2.2.2. Types of Trust

Authors depict two arenas in which ‘trust’ can play:

- Personal aspect – when trust stands as "an individual's belief in, and willingness to act on the basis of the words, actions and decisions of another" (Lewicki & Wiethoff, 2000, p. 87) and an individual's ability to trust another is based on emotional aspect, experiences related to trust, personal belief and may be based on a set of rules and norms established by institutions/society to fulfill expectations (Gill & Butler, 1996; Kramer & Tyler (1996).
- Impersonal aspect (Professional) - when trust stands in task-oriented relationships amongst professionals aiming to achieve specific objectives.

Lewicki & Wiethoff (2000) categorize trust into two types as following:

1. Calculus-based trust (CBT)

This category of trust is mostly often viewed in impersonal arena when professionals join in workplace and tend to work on a reward/punishment system. The assessing depends on finishing the task, but not on personal satisfaction in doing the task. Just they implement the duties to protect their reputations, so the growth of trust is very

slow. It needs to rebuild the trust again among the professionals when any mistake occurs (Lewicki & Wiethoff, 2000).

2. Identification-based trust (IBT)

It is seen more in the personal arena, although it may come into play to some degree in professional relationships. Understanding the expectations of one another, developing and knowing one another opinions about particular attitude, focusing on the initiative each other relating to certain situations and sharing common values are the most features of this category according to (Lewicki & Wiethoff, 2000).

2.2.3. Levels of Trust

Adjusting the levels of trust/ distrust could be achieved according to the partners' interactions degree. When followers trust an organization or the organization trusts another one, they interact in a cooperative manner, negotiate positively with sharing knowledge and create mutual beneficial relationship without the need to use any contract (Kramer & Cook, 2004). In contrast when that trust breaks down, conflict may arise between partners involved and then the necessity appears to take steps to increase trust and decrease distrust during the times of coflict (Lewicki & Wiethoff, 2000).

However, raising the levels of trust relies on building both types of trust, the CBT and IBT between the partners through many steps which are mentioned by Lewicki & Wiethoff (2000) as following:

- Building CBT needs: behaving consistently over time and situations, working to meet deadlines and following through on promises made. If both partners explain frankly their expectations, agreeing in advance what steps necessary to accomplish task, explaining what consequences of not meeting expectations, and outlining how to assess the performance, hence building CBT can be implemented in addition to the necessity to activate the communication among the partners and being well aware to the cultural difference issues (Lewicki & Wiethoff, 2000).

- Building IBT needs: the individuals take care to get knowing each other, exchanging their insights , personal values, perceptions, common interests and aims, the emotion components will increase and help creating a base of comfort in which the individual will be able to share his/her expectations and knowledge with one another, which finally lead to build IBT.

2.2.4. The Psychology of Trust

Although there are many different definitions and competing conceptualizations of trust in the psychological literature (Kramer& Cook, 2004), but the science of relationships suffers from lack in understanding of how trust emerges, changes, and declines in different types of relationships across time (Kramer& Tyler, 1996) and that is corroborated by Simpson (2007, p264) who states that trust "lies at the foundation of nearly all major theories of interpersonal relationships. Despite its great theoretical importance, a limited amount of research has examined how and why trust develops, is maintained, and occasionally unravels in relationships". Simpson believes that three reasons stand out at why relatively little is known about interpersonal trust development:

1. Trust is a complex, multidimensional construct, making it difficult to operationalize, measure, and interpret.
2. Trust can be construed in different ways, and it might have variant importance at different stages of relationship development.
3. Trust emerges and changes in situations that are difficult to observe and study.

However, Kramer and Carnevale (2001) cited in (Simpson, 2007) argue that for trust to be higher in a relationship when each partner's self-interested outcome match those that are preferred by the other partner or the relationship, or when each partner believe that his/her partner will do the best to develop the relationship even when they have different standpoints.

2.2.5. Multi-national partnership and Trust

Multi-national partnership, as mentioned before in section 2.1.7 represents long- term commitment between two or more firms from different countries and backgrounds contributing their resources to achieve specific objectives, passing through series of cooperative relationships and interaction among partners. For granted trust plays fundamental role in improving that relationships and the interaction and it is important to focus on that role in every phase of the partnership life (Sliva, 2006) and that is furthered by Simpson (2007) who states that trust lies at the foundation of nearly all major theories of interpersonal relationships, but there is a need to examine how and why trust develops. Several researchers like (Narus 1990; Powell, 1990; Parkhe, 1993a; Mohr & Spekman, 1994; Child, 2001; Kauser & Shaw, 2004) cited in Sliva (2006) point out that trust represents an essential attribute for the behavioral characteristic of the partners' relationships, since trust benefits to facilitate complexity (Kramer & Cook, 2004; Nyström, 2005) or to reduce uncertainty and increase the collaboration (Kramer & Cook, 2004) in order to evolve the performance of the partnership.

Several of former studies assert that there is an impact of trust on partnership performance, for example Zaheer *et al*. (1998a) cited in Silva (2006) declares that the relation between trust- performance is unequivocal, others regard it of positive impact (Neth, 2003; Silva, 2006), whereas it is regarded not significant according to Aulakh *et al* (1996) cited in Silva (2006). However, Silva (2006, p.10) alludes that there is lack of empirical evidence to prove the importance of trust-performance relation and recommends that "further evidence is necessary to quantify the relationship". For exploring the nature of trust-performance relation in multi-national partnership, so this research generates the below research question:

Is trust a high level factor in achieving a successful multinational partnership?

As an entrance to examine quantitatively this relation and contribute with other scientific efforts to find empirical evidence which proves that trust impacts the performance of multi-national performance significantly.

2.2.6. Cultural Difference and Trust

Anthropologists, scholars of intercultural communication and researchers provided different insights about the term 'culture' over the years included common denominators according to (Gesteland, 2005):

- Gestures, words, topics that carry out particular meanings
- Values, thoughts, attitudes, beliefs
- Family culture, social culture, law, etc...
- Collective phenomenon that is shared by two people or more living in the same social environment

In common Hofstede's Onion model in figure 2.2 refers to cultural denominators in layers as Hofstede portrays.

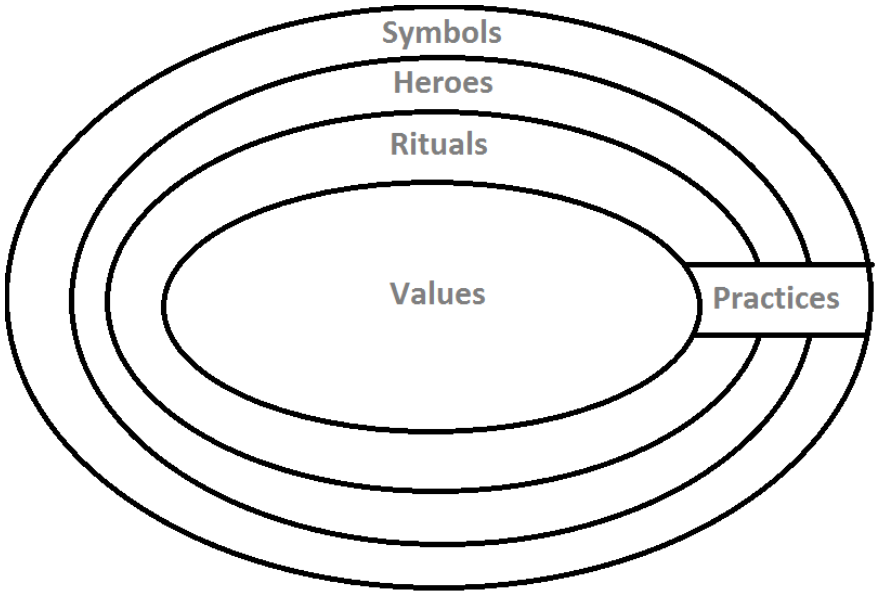


Figure 2.2 The Hofstedes' Onion model Source: Hofstede (1991)

The cultural difference represents one of the critical factors that may affect the performance of any international company if not being taken in consideration by the management. Gesteland (2005, p.11) argues that "cultural differences frustrate us

because they are confusing and seem to be unpredictable". Academics describe the challenges of cultural diversity like an iceberg (Brittain, 2012) ; its observed part includes the behaviors and practices, whereas the hidden part comprises some cultural differences elements like regional culture, national culture, history, professional culture, values, assumptions, beliefs, teachings, local customs, ethics, religions, and generation as shown in figure 2.3. Xia & Lin (2010, p.125) state that "members from different cultures have differing view on social orientation, commitment, responsibility, conflict management, communication" which furthered by Thorne, Ferrell, & Ferrell (2011, P.444). They go on to state that "any culturally diverse work group will have a set of common experiences and another set of differences that must be recognized and managed".

Figure 2.3 Cultural Diversity Iceberg Source: Brittain (2012)

It seems from reviewing several global case studies in the project management literature (chapter 4 comprises couple of examples) that the cultural differences play significant

roles in the success or failure of multinational partnering project (Gill, 1996; Silva, 2006; Mizrachi, Anspach & Drori, 2007; Xia & Lin, 2010), since creating good relationships amongst the partners depends on the magnitude of understanding the importance of the company is aware to impact of the partners' cultural backgrounds on those relationships and consequently on building high level of trust between the different partners. In contrast the indifference to the issue of cultural diversity and the cultural insensitivity may lead to incompatibility among the partners, cultural conflicts and then dissolve the cooperation. According to Morisisni (1998) the reasons that lead to alliance failure are: lack of shared vision, cultural mismatch and inefficient communication between the partners.

The global expansion of companies through entering in multinational partnerships or joint ventures needs forming teams comprised members from various cultures, building trust among those members which is essential to avoid the expected cultural conflicts. In other words trust represents the spirit of team collaboration and the behavior trait of relationships that enable to explain the success of the alliance (Silva, 2006). The robust relationships that described by Silva are produced as a result to the high cultural awareness towards the other who have different cultural backgrounds.

Several theories and models in cultural difference dimensions were set by many researchers over the time such as Edward T. Hall, Geert Hofstede, and Richard D. Lewis, the next sections will highlight the work of those authors in brief.

2.2.6.1. Edward T. Hall (High & Low Context Cultures)

In 1976 the American anthropologist Edward T. Hall, guru of cross-culture communication(Gesteland, 2005) classifies groups as monochromic or polychromic and presented two key polarities terms 'High Context' and 'Low Context' cultures in his book Beyond Culture while studying corporates culture in Europe to know the context surrounding the words in order to understand what is meant. People from RF (Relationship-Focus) cultures like Asians, Arabs, Africans and Latins tend to use indirect language during the negotiations to avoid conflict and confrontation. The

meaning of their speech is often found more than the words themselves. Edward Hall coined the term ‘high context’ for these cultures. In contrast in the ‘low-context’ cultures the meaning of speech the people like Australians, New Zealanders, North Americans and North Europeans is usually explicit. The meaning is always found with the words themselves (Gesteland, 2005).

2.2.6.2. Geert Hofstede’s Culture Dimensions Theory

In the twentieth century, Hofstede (1980) defines culture as “the collective programming of the mind that distinguishes the members of one category of people from another” and he explains that there are national and regional culture groups that influence the behavior of organizations. He attempts through his study 1967-1973 over 117000 of IBM’s employees in 50 countries in the world to find the cultural aspects that affect business behavior. His study leads him to identify four primary dimensions of national cultures and later he added the fifth dimension after completing the first study by Michael Harris Bond via a developed survey sampling Chinese employees and managers in 1991. The Hofstede’s five culture dimensions are (Hofstede, 1991).

1. Power Distance (PDI)

“Power distance is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally.” In the countries of low power distance index, people relate equally each one to another without paying attention to the formal positions. The relations are democratic and the followers have the right to criticize the decision of those decision makers in high hierarchical positions. For example: the Asian, the African and the Latin countries show high score in the power distance index.

2. Individualism (IDV) vs. Collectivism

In the individualistic societies the personal achievement is fundamental and the person stands for his/her immediate family in contrast to the collectivism society the person acts as a member in a cohesive long-life family.

3. Masculinity (MAS) vs. Femininity

The index refers to the extent of contribution based on emotional roles between the genders in the social activities and what values to be used. Men values are assertive, ambitious and competitive, whereas feminine cultures seem have more values on modesty, quality and relationships.

4. Uncertainty Avoidance (UAI)

The index reflects to which degree members of a society can attempt to minimize ambiguity. The individuals in society of high uncertainty avoidance culture seem to be more emotional and they try to minimize any unexpected situations by planning and applying rules, regulations and laws.

5. Long-Term Orientation (LTO) vs. Short-Term Orientation

The main characteristics of Long -Term Orientation society are persistence, thrift and having a sense of shame, whereas the core characteristics of Short-Term Orientation are the personal steadiness, stability, respect, tradition and reciprocation of greetings, favors and gifts.

2.2.6.3. Lewis Model

Richard Lewis creates a comprehensible theoretical approach model to classify cultures which is called Lewis Model and regards it as the easiest way to make sense the cross-cultural differences (RICHARD LEWIS COMMUNICATION, 2013).

Richard D. Lewis thinks that the European and American cross-culturists hadn't succeeded when they categorized the cultures succinctly. He sees that Japanese are not polychromic (like Italians) at the same time they are neither monochromic (like Germans). The Koreans are particularist but the Chinese are much less, neither are they Universalist. The Japanese are high context whereas the Indonesians and Vietnamese are low context. He goes to say that there are 250-300 different national cultures in the

world. Is it possible to classify them into groups? His experience and research led him to believe that cultures can be classified into three categories; each category has its particular characteristics, core values, social features and its business consequent behavior. He replaces the terms ‘high context’ and ‘low context’ by more explicit ‘dialogue-oriented’ and ‘data oriented’ and adds a third group called as ‘listening culture’ which describes reactive Asians who embrace information technology. In figure 2.4 the Lewis Model paradigm shows and illustrates these categories that Richard Lewis suggests with the essential characteristics of each group and indicates the degrees of difficulty encountered when they interact with each other (Lewis, 2006).

1. Linear-active (data-oriented)

In the Line-active cultures people are orderly, in general demonstrating as task orientation, looking for technical competence, placing facts and logic before emotions, deal-focus oriented, focusing on immediate achievements and outcome depending on their own attention and their colleagues, rigid-time (monochromic), careful planning and sticking to agendas (e.g. German, Swiss).

2. Multi-active (dialogue-oriented)

In the multi-active cultures people are extroverted, great networkers, depending on their eloquence and their ability to convince by using human force as an inspiring factor. They often achieve human transactions emotionally and work according to people time rather than clock time (e.g. Italians, Latin American and Arab).

3. Reactive (listeners)

In the reactive cultures people are good listeners, polite, indirect, relationship-focused in business, dominating with knowledge and quiet control. They display patience, modesty, courtesy, and respect seniority. They are also paternalistic. Using body language instead of excessive words is normal. They are harmony-oriented (e.g. Chinese, Japanese and Finns).

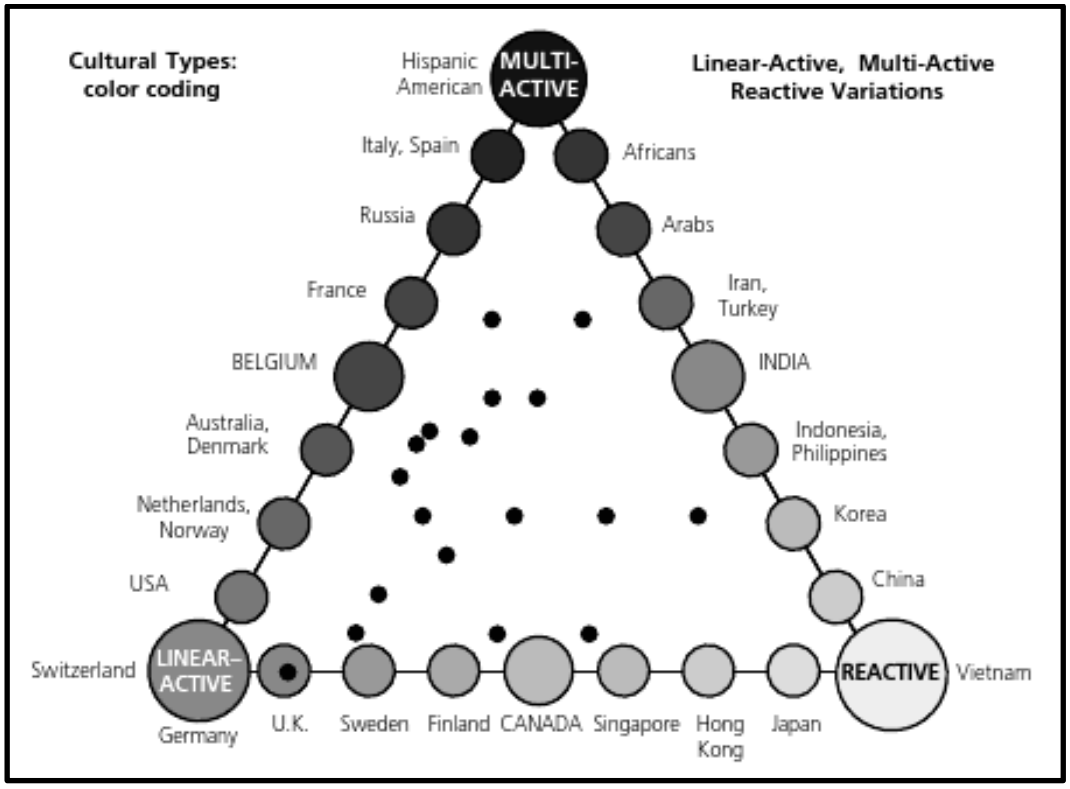


Figure 2.4 The Lewis Model paradigm Source: Lewis (2006)

The hybrid types' cultures represent the common characteristics of some countries. In other words it interoperates the cultures of countries that seem in between the Linear-active / the Multi-active culture, Multi-active / Reactive culture and Reactive / Linear-active culture. Characteristics of the cultural categories determined by Lewis are demonstrated in table 2.1.

Table 2.1Characteristics of cultural categories of Lewis Model

Source: Lewis (2006)

Linear-Active	Multi-Active	Reactive
One thing at the time	Several things at the same time	Reacts
Focus on timetables and schedules	Unpredictable timetable	Adapts to other parties timetables
Task oriented	People oriented	People oriented
Rarely interrupts	Commonly interrupts	Does not interrupt
Separates social and professional	Interweaves social and professional	Connects social and professional
Punctual	Not punctual	Punctual

2.2.6.4. Glocalization

According to Roddick (2000) localization is a process which differs from globalization as it reverses the trend and focuses on the local and providing local products, whereas globalization enforces a singular product globally.

The several problems occurred due to the cultural difference issues led to think for the need of successful strategy to treat with cultural diversity issue and "absorb influences" (Friedman, 2000, p.295) to ensure the success of the single firm or partnering project in multinational environment. The concept of 'glocalization' is emerged fundamentally in regard to those multinational projects to enforce commonly their own culture on another environment.

Glocalization refers to the interface of global and the local" (Andrews and Ritzer, 2007, p. 135), it is the concept created to combine the incorporation of the global and the local environment, the "interpenetration of the global and local resulting in unique outcomes" (Atalay and Ritzer, 2010, p. 73).

2.2.7. Governance and Trust

The corporate governance is defined by Thorne, Ferrell, & Ferrell (2011, p. 85) as "the formal system of oversight, accountability, and control for organizational decisions and resources" and they add in addition to the role of corporate governance in reflecting

fundamental beliefs about the purpose of the organization business, it provides the organization with oversight to uncover and address mistakes, risks and misconduct. It is still a necessary mechanism to ensure continuing growth, monitoring change to regulatory authorities of the organization, in spite of the decentralization is applied and the hierarchical structures are adopted less in many organizations (Thorne, Ferrell, & Ferrell, 2011).

When the level of trust is limited among the employees and their organization, the role of corporate governance is essential to manage the relationships between them and their managers, organization through applying effective and transparent control, enforcing ethical behavior and coining concrete policies which are useful to let the organization to be adhered with their followers and then to repair employees trust with their organization (Child & Rodrigues, 2003). Finally the corporate governance represents a part of the organization culture that that establishes the integrity of all relationships based on trust (Thorne, Ferrell, & Ferrell, 2011).

2.2.7.1. Trust and control

Trust and Control are two different concepts are often cited as key success factors in alliances between firms (Faulkner, 1999) and they represent the sources of the confidence in partner's cooperation in alliances and their relationship which is helpful in generating confidence (Das & Teng, 1998, p. 508) who believe that "trust level plays a moderating role between the control mechanisms and the control level" and state that the control mechanisms should be employed when adequate trust is required, since the optimal combination of trust building and control mechanisms rely on their particular costs. Figure 2.5 illustrates a model of the requisite confidence levels in terms of trust and control levels suggested by Das & Teng (1998) in three alliance types

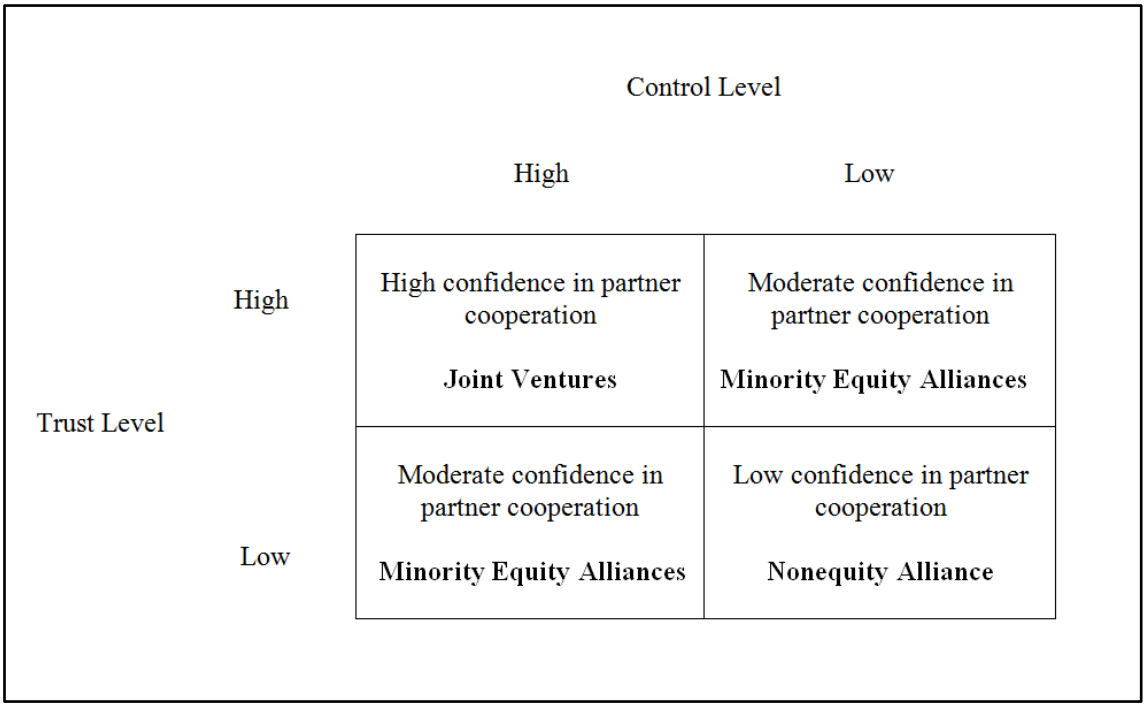


Figure 2.5 Requisite confidence Levels in difference Alliance Types

Source: Das & Teng (1998)

It is useful to mention that control mechanisms, trust and performance develop over time and not always the tight control is necessary in the partnership, so Faulkner (1999, p.4) states that " one can be very suspicious of the suggestion that the best way to run an alliance is by tight control of one's partner's action".

2.2.7.2. Corruption

Corruption occurs as a form of behavior violating the official ethics of public service (Park & Blenkinsopp, 2011) and is usually considered to exist when someone use their position of power to benefit themselves. It deepens poverty, affects security, undermines democracy and protection of human rights, harms economic development and deters investment, undermines good governance and the rule of law as well as reduces confidence in the institutions of society and the market economy (Uslaner, 2004; USA Army Center, 2011).

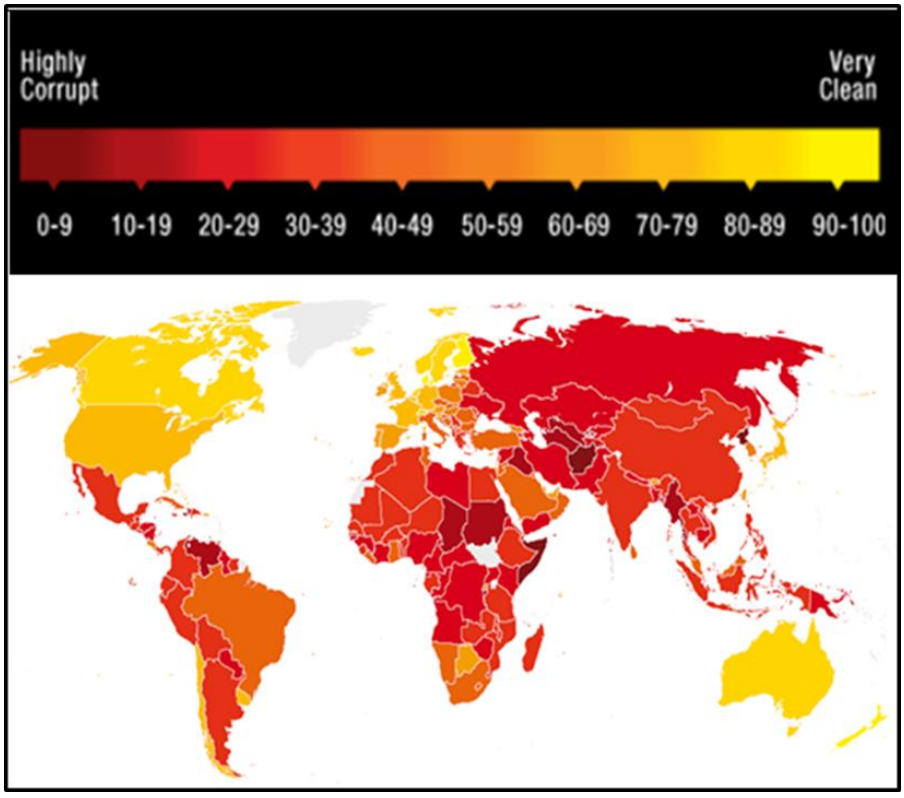


Figure 2.6 Corruption Perceptions Index 2012

Source: Inspired from Transparency International (2012)

Corruption is usually considered to exist when someone uses their position of power to benefit themselves, for example a decision of the administration or a purchasing manager in business. It can also be about promoting an interest which is the decision-maker close, e.g. a politician who receives a contribution to his party for the promise to work for a certain political decisions (Transparency International Sverige, 2012).

Corruption is not a problem that is unique to poor countries (The World Bank, 2013), so the Transparency International (2012) sets a Corruption Perception Index of 0 to 100 score scale shown in figure 2.6 which depicts the countries that are perceived to be highly corrupt (red color), are fragile, unstable states that are scarred by war and ongoing conflict, whereas the countries that are clean and less corrupted (yellow color) enjoy stability, enforce rule of law, and have efficient functioning public institutions (Thorne, Ferrell, & Ferrell, 2011; The World Bank, 2013). Where there is corruption people often breaks or ducks the law, for that corruption which must be fought in all its forms. Uslaner (2004) states that reducing corruption needs to increase trust which is

essential as appeared via an empirical study done by Wike & Holzwart (2008) who find that where trust is high, crime and corruption are low and that is furthered by Thorne, Ferrell, & Ferrell (2011) who argue that there is clear difference in the economy between countries that have high levels of corruption compared with those that have low levels of corruption.

2.2.7.3. Transparency

Transparency is generally defined as the open flow of information (Holzner & Holzner, 2006; Piotrowski, 2007) cited in (Park & Blenkinsopp (2011), it becomes an important agenda in nearly every organization, public and private, large or small (Thorne, Ferrell, & Ferrell, 2011; Park & Blenkinsopp, 2011).Contributing to sustainable development in any type of partnerships, and specifically in the multinational environment which needs to be based on openness, integrity, goodwill, dialogue, transparency, respect and commitment to aid one another to achieving both business and project objectives (Jones and Saad, 2003; Thorne, Ferrell, & Ferrell, 2011). Moreover, transparency represents a fundamental pillar beside relationships, trust, reputation, etc… needed to create the social responsibility which is defined by (Thorne, Ferrell, & Ferrell, 2011, P.7) as a "formal commitment or strategic philosophy which a firm embraces to implement initiatives, fulfills its responsibilities to the natural environment and its stakeholders". Organizations in both private and public sectors are being encouraged to be more transparent, so the demand for transparency has grown rapidly because of the belief in many societies that transparency will diminish governmental malfeasance (Park & Blenkinsopp, 2011). The impact of transparency and trust is great in minimizing corruption and improving citizen satisfaction, they play a substantial role, as moderator and mediator respectively, in curtailing corruption according to the findings of a study done by Park & Blenkinsopp (2011).

2.2.7.4. Policies and Partnering Agreement Legal Construction

Understanding the written codes, policies as well as the nuances in implementation and enforcement are required, since the legal and regulatory system differs from a country to

another (Thorne, Ferrell, & Ferrell, 2011) to avoid the bribery issue which is common and expected practice.

Managers must adhere and be aware to the laws regulations in order to conduct business acceptably. Thorne, Ferrell, & Ferrell (2011, p.43) argues that there is necessity to "defend the need for a legal system that would oversee international and multinational business operations" for every function of the multi-national partnership where the laws, rules, expectations are divergent in that environment.

2.2.8. Organization Structure and Trust

Trust represents a key factor in managerial Philosophies. The link between trust and organizational forms is clear and compelling based on Kramer & Tyler's (1996, p.19) belief. They imagine trust-related phenomena in contemporary organizational contexts as a simple function:

Trust = *f* {embedded predisposition to trust, characteristic similarity, experience of reciprocity}

Dirks & Ferrin (2001) state that many researchers from various disciplines agree that trust has been recognized as the very essential factor behind the expansion of organizations. So the trust allows firms to expand through sustaining cooperation among other anonymous and people outside the narrow circle of family members and close friends for the large-size firm reflects a shift of the size distribution away from the smallest firms and toward the small-to-medium ones(Putnam, 1993) cited in Cingano & Pinotti (2012).

2.2.8.1. Hierarchy and trust

The hierarchical relation stays widespread form ruling most of contemporary organizations, in spite of the reproduction of new organizational forms (Kramer& Cook,

2004). By definition the power status between leaders and their followers is unequal in the hierarchical organizations, so the importance of trust in this relationships and leader-followers' social bone become arenas to test behaviors and trust-related judgments that were focused by many researchers like Kurt Dirks and Daniel Skarlicki who investigated how trust in leaders influences the working within teams and organizations. They found that "much of the theory and research on trust in leaders is typically relationship-based or character-based" (Kramer& Cook, 2004, p.4). The perspective of relationship-based trust focuses on how followers behave with their leader, so the leader and the followers exist in an exchange relation in which positive sentiments and the behaviors are generated resulting trust building over the time, whereas the character-based perspective emphasizes on leader characteristics and followers act in accord with leader's preferences (Kramer& Cook, 2004). However, the "hierarchical bureaucratic organization replaces the highly person trust of the collective and the highly impersonal trust of market with an intermediate form of organization relying upon the ability of participants to follow rules and rational legal authority" according to Weber (1968) cited in Gill & Butler (1996, p.83), so trust here becomes a means to cope with the uncertainty during the decision- making processes (Gill & Butler, 1996).

2.2.8.2. Decentralization and Trust

The decentralization of management authority is an organizational development for ruling the contemporary organizations. It has been an important international development in large organizations in recent years. Cingano & Pinotti (2012, p.6) state that the "decentralization allows exploiting intensively scarce factors such as the informational advantage of managers and the specific skills of some categories of technicians and workers". However, Cingano & Pinotti (2012) document their empirical study on several of Italian manufacturing firms by concluding the fact in which trust permits the decentralization of decision making within the firms, so high-trust shows a higher amount of resources allocated to decentralization activities intensively.

2.2.9. Communication and Trust

The flow of information in working relationships between different partners is very important for improving the relationships among them through fostering knowledge sharing, clarifying the purpose of work, creating cultural awareness and determining the problems that emerge due to a lack of communication (Stephenson, 1996 Geddes, 2005; Silva, 2006). Das & Teng (1998) identify three common reasons why communication and the information flow play essential roles in trust building:

1. Open communication among partners is regarded to be an indispensable characteristic of trusting relationships.
2. Communication facilitates the process in which firms collect evidence about their partners' credibility and trustworthiness.
3. Communication enhances building trust, since it provides the basis for interaction continuously to develop common values and norms among the various partners.

That is advocated by (Sako, 1998; Zaheer et al, 1998a) cited in Silva (2006) when they claim that communication openness and provision of information enhance trusting behaviors between partners and is also furthered when Sharma, & Patterson (1999, p151) find that "communication effectiveness to be key driver of all antecedent variables (communication effectiveness, technical quality, functional quality, and trust), and the single most powerful determinant of relationship commitment". Mukherjee & Nath (2003) assure the importance of communication in developing trust as well as relationship commitment. Furthermore, Silva's (2006, p.14) empirical study corroborates that "communication is a trust enhancer".

2.2.10. Leadership and Trust

Leadership as a phenomenon is defined from various aspects such as what mentioned by Elashmawi & Harris (1993, p.9) "Leadership is the creation of structures that permits people to participate effectively in the achievement of worthwhile goals" reaching to some of researchers' definitions that has been mentioned in (Hughes, Ginnett & Curphy, 2012, p.4) as "the process by which an agent induces a subordinate to behave in a desire

manner" or "an interpersonal relation in which others comply because they want to, not because they have to". However these definitions include three components: The leader, the followers and the situation involving in the leadership phenomenon. One of the important characteristics of successful leadership is the credibility namely "the ability to engender trust in others" according to (Hughes, Ginnett & Curphy, 2012, p.278).

The trust generated is useful to clarify and communicate the values that are necessary to build solid relationships among the leader and their followers into the organization and with outside parties that the organization links them with in partnering relationship. It is worth mentioning that the leader's expertise plays an essential role in raising the level of trust and strengthens the partner relationships as well as the ethical leadership which is needed to develop and maintain a long-term commitment among them (Thorne, Ferrell, & Ferrell (2011; Hughes, Ginnett & Curphy, 2012).

Chapter Three - Methodology

3. Introduction

This chapter aims to describe in details the theories, methods of inquiry, instruments and ethical consideration that will be followed to achieve a research and then to illustrate the strategy adopted by this dissertation to collect primary data that is necessary to answer the research question and the subsidiary questions which stand based on the statement of problem generated from reviewing the related literature. Rudestam and Newton (2001, p 75) state that "the method section follows logically from the statement of problem in much the same way as research questions follow from the review of literature".

3.1. Research Definition

Saunders, *Lewis and Thornhill* (2007, p.5) define the research as "something that people undertake in order to find out things in a systematic way, thereby increasing their knowledge" or an approach to solve problem systematically by gathering, analyzing information with a clear purpose to find some results that are interpreted as conclusions to solve the problem (Kumar, 2008).

It seems from the definition of research that the research should have three key points to be valid; systematic way, clear purpose, and interpreting the findings. Saunders, Lewis and Thornhill (2007) stipulate that each research will hold the true meaning of the word "research" if it comprise the below characteristics:

- Gathering data in a systematic way
- Interpreting the data systematically
- Existing a clear purpose to find things out

The systematic research is built on logical relationships and not just beliefs (Fisher, 2007), explaining the approach of collecting data, justifying why the findings is meaningful, criticizing and clarifying any limitations in the research (Saunders, Lewis and Thornhill, 2007).

3.1.1. Research Objectives

The objectives of the research illustrate likely the research direction and point out the following points according to (Saunders, Lewis and Thornhill, 2007; Khanzode, 2007):

- Introducing new insights and effective criteria to activate and measure the accordance with research questions or to develop an explanatory theory in a different way that the research question does as in explorative research.
- Diagnosing a situation (diagnostic research) or to depict characteristics of specific attitude as in descriptive research.
- Examining hypothesis (testing research) which is an occasional link between two variables or more.

3.1.2. Incentives for Research

The central incentive for any research is to increase the knowledge and competence in the field of research. The most common motives of the research mentioned by Nordström & Axelsson (2011) are:

- To solve existing problems and find answers to research questions
- To validate findings of a present research
- To reinforce or demolish a hypothesis
- To increase knowledge and competence
- To investigate a phenomenon
- To evolve human life
- To develop product or service
- To encourage innovation

The motive for this research is to acquire further knowledge and validate the present and former researches about trust impact on multi-national partnerships performance, since there are different authors' standpoints about the magnitude of trust effect.

3.2. Theory and Research

Bryman (2008) claimed that there is an important relation between research and theory. He regarded that the research being conducted derives its rationale from the theory which provides also a framework to understand and interpret the findings of the research within a particular domain. Theory is not as references, data, lists of variables, diagrams, boxes and arrow, and not hypotheses, but it is described by Sutton and Staw (1995) cited in Saunders, Lewis and Thornhill (2007, p. 34) as:

> "the connections between phenomena, a story about why events, structure and thoughts occur. Theory emphasizes the nature of causal relationships, identifying what comes first as well as the timing of events"

In many instances, a "relevant background literature relating to a topic fuels the focus of an articles or book and thereby acts as the equivalent of a theory" and acts as a proxy for theory which is hidden in literature sometimes, moreover, the literature may behave as an impetus to an enquiry when the researcher finds that existing evidences are insufficient, and then he/she changes the research strategy (Bryman, 2008, p. 8).

The model of threefold typology of theories shown in figure 3.1 set by Creswell (2002) cited in (Saunders, Lewis and Thornhill, 2007) illustrates three categories of theories; *grand theories* are in the top of the pyramid; *middle-range theories* fall between grand theories and *substantive theories.*

The grand theories represent the domain of the natural scientists (e.g. Darwin and Newton) "offer few indications to researchers as to how they might guide or influence the collection of empirical evidence" Merton (1967) cited in Bryman (2008, p. 6). The middle-range theories are unlike the grand theories, although their operations in a limited domain but nonetheless of significance, so the well-known theories of human motivation are in the category of the middle –range theories. The empirical findings or

the substantive theories are fixed to particular problem, specific time, research formation and community (Saunders, Lewis and Thornhill, 2007).

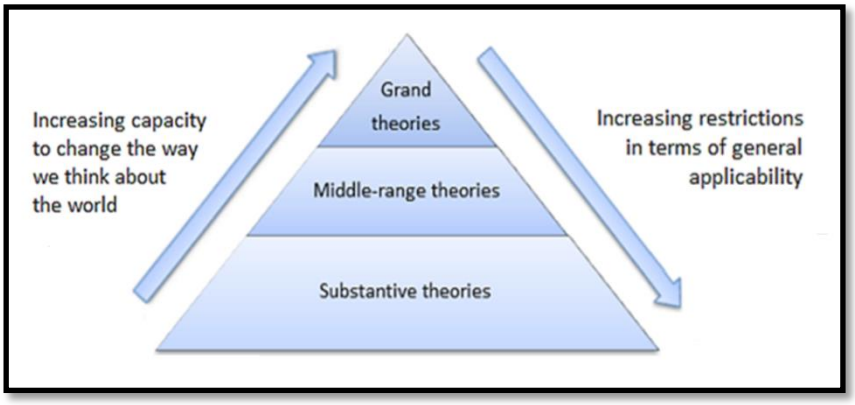


Figure 3.1 Grand, middle range and substantive theories

Source: Inspired from Saunders, Lewis and Thornhill (2007)

Bryman (2008, p.13) advocates that and states "it is useful to think of the relation between theory and research in terms of deductive and inductive strategies". Saunders, Lewis and Thornhill (2007) claim that the *deductive approach* research represents an obvious theoretical position standing currently, the researcher deduces a hypothesis from the current theory, therefore collects data in order to either confirming all or part, or refuting the existing theory in terms of observations or findings that come later, whereas the principle of *inductive approach* is to develop theory or findings published by others after gathering data i.e. the observations and findings come firstly. Figure 3.2 demonstrates the research approaches both. According to the above clarification, it could make sense that development of the present concept or existing theoretical framework is based on the essential difference of the research strategy represented by how and when collecting data.

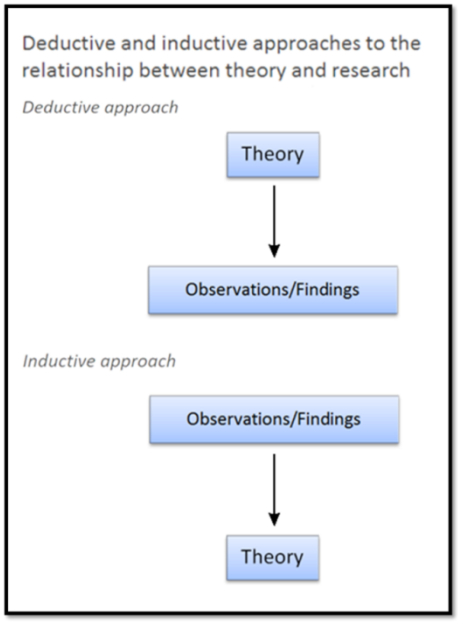


Figure 3.2 Deductive and Inductive Approaches to The Relationship between Theory and Research. Source: Inspired from Bryman (2008)

3.2.1. Deductive theory

It represents the most famous aspect of research philosophies which owes to the *positivism* "only phenomena that you can observe will lead to the production of credible data" (Saunders *et al*, 2007, p.13). The deductive approach shows the nature of the relationship between research and current theory which may explicit in the research design or not. The fundamental characteristics of deduction approach according to (Saunders, Lewis and Thorhill, 2007; Bryman, 2008) are:

- Controls to allow the testing of hypotheses
- Highly structured methodology
- Operationalized
- Reductionism
- Generalisation

Bryman (2008) claims that the researcher derives one hypothesis or more based on existing theoretical ideas about a specific subject and examines that assumed hypothesis

(s) by means of an empirical study designed in such a way to deduce the validity or nullity of that hypothesis. Deducting the hypothesis at the beginning from the current theory and then designing the procedure to collect data related to the hypothesis highlights the role played by the theory on the inquiry. Figure 3.3 describes the stages sequence of the researching process (Bryman, 2008).

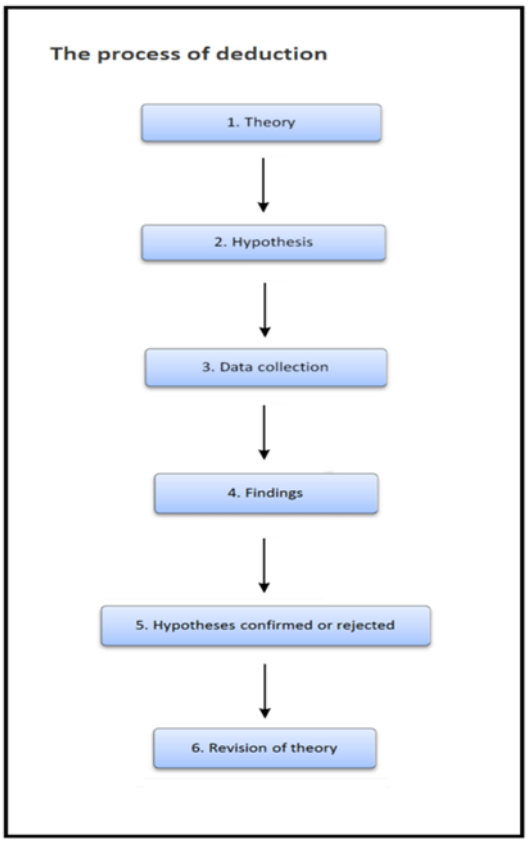


Figure 3.3 The process of deduction Source: Inspired from Bryman (2008)

However, collecting data in a way that the researcher adopts the deductive approach in his/ her research is often done quantitatively without taking into consideration the feelings of the respondents or giving them more freedom in replying as Bryman (2008, p.13) argues that "the deductive strategy is associated with the quantitative research approach".

3.2.2. Inductive theory

The deductive theory is criticized by the followers of induction, since the tendency of deduction to adopt a rigid methodology that does not permit alternative explanations of what is going on (Saunders, Lewis and Thornhill, 2007). The existing theory could be evolved through observations, collecting data reaching to particular findings that serve doing change. The inductive approach adopts the *interpretivism* research philosophy. Bryman (2008, p.13) believes that:

> "the inductive nature of relationship between theory and research can be seen in the way that theoretical ideas generated by a researcher are derived from his/ her collected data rather than being before he/ she had collected that data".

So the research using an inductive approach is likely to be particularly concerned with the feelings of human beings in which how they interpret the events qualitatively within the context of the topic.

However, the researcher in this tradition is more likely to choose the option of qualitative data that may consist of detailed descriptions of events, situations, and behaviors, so using a variety of methods to collect these data in order to establish different views of phenomena (Saunders, Lewis and Thornhill, 2007; Rudestam & Newton, 2001).

3.3. Research design & Methods of Inquiry

According to Hart (2005, p.313) the research design acts as "scaffolding that supports the purpose" of the research and the methods of inquiry and data collection and its analysis represent parts of research design. The research design enables the researcher to address the research question(s) in appropriate, efficient way, how to join the parts of the research into a particular strategy, how tactics the researcher decides to achieve that strategy (Rudestam & Newton, 2001; Hart, 2005; Bryman, 2008).

The former sections show that there are two essential strategies: the deductive and inductive that could be used in the inquiry, "the deductive strategy is associated with the quantitative research approach. An inductive strategy of linking data and theory is typically associated with a qualitative research approach" (Bryman, 2008, p.13). The major differences between deductive and inductive approaches are demonstrated in table 3.1.An essential question stands here:

Which of these approaches are better to adopt in the researching process?

Saunders, Lewis and Thornhill (2007, p.116) answer this question "which is better depends on the research question(s) you are seeking to answer…..business and management research is often a mixture between positivist and interpretivist".

However, the most important methods of inquiry applied in the empirical studies of social science are the quantitative strategy, qualitative strategy, mixed strategy and Triangulation.

Table 3.1 Major difference between deductive and inductive approaches

Source: Saunders, Lewis and Thornhill (2007)

Deduction emphasises	**Induction emphasises**
▪ Scientific principle ▪ Moving from theory to data ▪ The need to explain causal relationships between variables ▪ The collection of quantitative data ▪ The application of controls to ensure validity of data ▪ The operationalization of concepts to ensure clarity of definition ▪ A highly structured approach ▪ Researcher independence of what is being researched ▪ The necessity to select samples of sufficient size in order to generalize conclusions	▪ Gaining an understanding of the meanings humans attach to events ▪ A close understanding of the research context ▪ The collection of qualitative data ▪ A more flexible structure to permit changes of research emphasis as the research progresses ▪ A realization that the researcher is part of the research process ▪ Less concern with the need to generalize

3.3.1. Quantitative Strategy

This research strategy represents a useful means of social research and its principle orientation is based on deductive; testing theory (Bryman, 2008). The quantitative research offers the quantification approach and numerical description in analyzing the collected data. Via using exploratory survey questionnaire, structured interviews (Rudestam & Newton, 2001) to gather data from respondents, their opinions and attitudes takes the form of generalization, for that some academics describe questionnaire is "like the radio without knobs. You cannot make any results more useful, by knowing more about their causes" (Mackenzie, 2000a) cited in (Saunders, Lewis and Thornhill, 2007, p.36).

However, this strategy may provide the researcher with accurate results because of participating large number of respondents, but at the same time the collected data may be not of high quality since the respondents' answers are specific and constrained sometimes as in the traditional survey or questionnaire.

3.3.1.1. Survey & Questionnaire

These tools are used to achieve the quantitative strategy in the research, so Hart (2005, p.327) argues that "the survey is often used to describe frequencies of behaviors and attitudes and sometimes to identify relationships between variables (correlation) and test hypotheses".

The questionnaire as a survey instrument is used in the research process to gather data and analyze the responses statistically. Several models of survey are available, they are normally sent to the respondent by post 'postal questionnaire' or via email. Two types of questionnaire are mentioned by (Bryman, 2008) based on the survey design:

- Open ended – It gives the respondents more freedom to show their comments.
- Closed ended – includes fixed answers, so it is easier to answer but respondents feel not free in saying their opinions.

3.3.2. Qualitative Strategy

This strategic approach is typically associated with an inductive theory which relyed on interpretivist philosophy. It is not intended to prove or test a theory, but it is more likely that the theory will emerge once the data are collected. The nature of inductive study could be depicted in the way that theoretical opinions engendered by the researcher are derived from his/ her gathered data rather than being before he/ she had gathered that data (Rudestam & Newton, 2001; Bryman, 2008). The research which is designed based on the qualitative strategy usually emphasizes on words rather than quantification in collecting and analyzing data. The data produced by this type of researches is often more qualitative than that in the quantitative researches, since the questions are open ended and the way of collecting information in the qualitative research gives the respondents more freedom in answering, for example in semi-structured interviews, but on the other hand this strategy is not accurate so much because of the interviewees' number is less than the questionnaire respondents (Creswell, 2007; Bryman, 2008). The methods probably used in qualitative research to collect data are focus groups, participant observation, semi-structured interviews and even the case study is regarded a source of qualitative data (Hart, 2005).

3.3.2.1 Semi-structured interview

It represents a research technique for primary data collection using pre-set of open ended questions to acquire responses from selected sample of people. The questions should be designed by the researcher to generate discussions and then concise answers from the interviewees that can be easily analyzed to produce qualitative data on the topic of the research (Silverman, 2006; Bryman, 2008). The ethical consideration should be deemed by the researcher during the semi-structured interview whether that occurs face to face or via telephone.

3.3.2.2. Case Study

The typical orientation of empirical design to the relationship between theory and research is a deductive, but sometimes tends to be an inductive, so a case study represents one of the qualitative tools used in the investigation adopting the inductive approach (Bryman, 2008). Hart (2005, p.327) argues that research investigation within the case study approach relies on the interpretivist philosophy, so the case study regarded as "a focus on a single case (person, group, setting etc.) allows investigation of the details, including contextual matters, of a phenomenon".

3.3.3. Mixed Strategy

The term 'mixed methods research' is widely used nowadays pointing out to the linking between both strategies the qualitative and quantitative in the research process because of each strategy has its own limitations which can be compensated via using another option (Bryman, 2008).The linking between the quantitative and qualitative methodologies is often a good strategic choice, since this option offers to the researcher mixing the accurate quantitative data with the depth understanding of qualitative data (Rudestam & Newton, 2001).

3.3.4. Triangulation Strategy

Hart (2005, p.349) describes triangulation "is often used as a metaphor in the social sciences for recommending the use of multiple methods" or more than one way (Bryman, 2008) for the purpose of building accurate definitions and reliability of measurements. This strategy assumes that the use of multi methods will confirm the validity of the concept by converging data engendered through various approaches. Nevertheless, triangulation if not carefully considered, will become inappropriate, since each method produces its particular data.

3.4 Ethical Consideration

APM Bok of Knowledge (2006, p.118) regards ethics "covers the conduct and moral principles recognized as appropriate within the project management profession". The researcher's ethical commitment towards his/her data sources, particularly the individuals or entities is very important. Taking into consideration to respect feelings, opinions and beliefs of others, avoiding harm and offence is part of the researcher's obligations to those who show willing to cooperate with the researcher in providing information. The researcher should acknowledge the data resources obviously, that represents the integrity and honesty of the research as well as prevents data plagiarism. Furthermore, the researcher should treat with the references of information accurately. Refering to the quotation of data clearly and applying the right academic citation are deemed as an ethical issue. The researcher should not forget that the fabrication and falsification of the data harm the ethical approach of the research (Cervi &Tent, 2008).

3.5 Justification for Research

Firstly, the primary purpose of this research is to access the Master Degree in International Project Management. Secondly the research according to Hart (2005) should contribute to achieve one or more of the following objectives:

- Researching for doing change
- Researching for self- evolving
- Researching for making sense

This dissertation intends to bring about a better understanding to the former and existing partnering literature, passing through the core factors that affected the partnerships in the multi-national environment and then studying one of them, 'trust' as a problematic factor which has an influence on the partnerships' performance in a way that there is no consensus among the former researchers and academics about its impact level. Thus, it is to formulate an interpretation about the trust impact on the implementation of partnership strategy.

3.6. The dissertation Strategy

After having reviewed the various theories and methods of inquiry that are often applied in the different researches, it is worth mentioning that the methodology adopted in this dissertation is the application of mixed-method strategy which was mentioned by Creswell (1995) cited in Rudestam & Newton (2001).

The dissertation, within this strategy, firstly, tends to detect and deduce the situations through generating quantitatively primary data and at the same time engendering qualitative data via collecting comments from different respondents. Secondly, it tends to explore the diverse attitudes through investigating many case studies that dealing partnering activates between the different multi-national companies.

However, to achieve the mentioned strategy, the dissertation has deemed a model inspired from the original Likert Scale questionnaire of five-point at the same time it provides open ended answers by giving the respondents more freedom to show their comments through text boxes (for comments). This model gives the researcher the ability to collect quantitative primary data as well as qualitative one.

Furthermore, two longitudinal case studies will be investigated, since both of them offer suitable links to this research and then ideas could be derived to help examining the partnering phenomena between different multi-national companies.

Chapter Four - Case Studies

4. Introduction

This chapter retrospectively equips detailed description for two case studies of contemporaneous joint ventures which are selected from the literature of industrial sector. The first case depicts the story of *Sony Ericsson* J.V. (2001- 2011) which lets the readers show a side from partnering approaches in the industry of mobile telephones. The second case is from the Gas & oil industry sector in Russia addresses some aspects of the *TNK-BP* J.V.(2003- 2011). The description includes the distinct issues occurred during the life of those joint ventures and the circumstances that led to their failure, specifically emphasizes on part of significant factors that influenced partners'relationships, trust building and then the joint ventures performance. The researcher will provide an agile comparison between the mentioned case studies as well.

4.1. Sony Ericsson Mobile Communications J.V. (Case Study 1)

4.1.1. The joint Venture Formation

After a few years of taking off the industry of mobile telephone in the mid-1990s, Ericsson became a major player in this industry and managed to become "the world leader with a 17% share of sales" and its sales had reached 32million units in Europe markets in the end of 1999 (Nilsson, 2003).

This joint venture was firstly initiated by Ericsson Company the Swedish giant in telecommunication industry (Ahmed, & Pang, 2009) to combine with the electronics expert, Japan-based multinational conglomerate Sony Corporation (Johnson, Whittngton, & Scholes, 2011), thus yielded to establish the entity of Sony-Ericsson (SE), the mobile telephone company in 2001. The new mutual company started with

some 4,000 employees and its headquartered was placed in London, UK (Nilsson, 2003). The mission of Sony Ericsson is to "establish the firm as the most attractive and innovative global brand in mobile handset industry" (Ahmed & Pang, 2009, p.26).

4.1.2. Partners' Relationships

In creating any partnership for first time, the relationships between partners start from a point that each partner looks at the magnitude of benefits that will be gained from this partnership.

Initiating with this concept, the partners' relationships of Sony Ericsson began with the recognition of Ericsson that the partnering with the design giant Sony will provide the resources, new markets in Asia and rational design which allow Ericsson to compete with market leader Nokia Corp in mobile technology, whereas Sony believed that will have access to Ericsson's cutting edge technology, advanced know-how and excellent R&D capabilities through the partnership with Ericsson (Business Teacher Org., 2008; Chang, 2009).

Both of the partners admitted that will be a challenging and daunting task, but they thought that the joint venturing would bring complementary resources to each other in a synergistic way.

The people in Sony Ericsson were encouraged to be creative, curious, efficient and constructive (Careers-Living our values, 2008 cited in Ahmed, & Pang, 2009) but no one can deny that the relationship between partners included "cultural conflicts resulted in character-based trust problems between managers of SE" (Business Teacher Org., 2008) resulting from partners' various insights on several occasions.

4.1.3. Cultural Differences

The new joint venture has a third culture which may be unique mixed cultural elements from both parents and the host country culture or was inspired by the cultures of the parents Barger (2007). The national culture of the country in which the multinational

J.V. is placed impacts much on its organizational management style (Tayeb, 2001), and when that cultural effect is negative on the new J.V., thus, it will be reflected as a cultural shock occurring in the working environment of the organization (Cullen *et al*, 1991) cited in (Ahmed & Pang, 2009). The multinational partnership between two or more independent and various parties has been influenced by two types of cultures: the *national* and the *organizational* cultures according to (Lane & Beamish, 1990) cited in (Ahmed & Pang, 2009). Tayeb (2001) mentions the differences between the national and organizational cultures of the partners affect the management of multinational joint venture. The findings of an empirical research done by Morisini (1998) infer that the partners' cultural differences produce favorable outcome if these differences are managed well in global alliances. For that the partners need to be aware and culturally sensitive during the cooperation, since the cultural incompatibility and partners' cultural insensitivity could easily lead to the J.V. failure and vice versa.

*The National Culture***:**

Sony Ericson's partners came from various nationalities as well as distinct cultural backgrounds, Sony is from Japan which is High cultural context based on the classification of the U.S. anthropologist Edward T. Hall, whereas Ericsson belongs to Sweden which is a Low cultural context country (Gesteland, 2005). The headquarter of Sony and Ericsson was placed in UK, so according to (Ahmed, & Pang, 2009) the national culture of the host country UK (which is in between Low and High cultural context) affected greatly the management of Sony Ericsson.

However, Frendberg (2006) argues that a special focus on cultural aspects was considered during the process of creating the new entity Sony Ericsson through adopting a change –program comprised three stages: cultural awareness, cultural change and managing the new culture, but it seems from reviewing the story of Sony Ericsson J.V. that the mentioned program is not sufficient to deal with the conflicts occurred due to cultural differences.

Figure 4.1 demonstrates using the Lewis model as a tool to understand and assess the dimensions of cross- cultural behavior and national cultures of partners' countries

(Japan & Sweden) and Sony Ericsson headquarter host country (UK) and table 4.1 includes the related specifications of national cultural behavior.

Table 4.1National Cultural behavior Specifications of Sony Ericsson J.V. and its Parents

Source: Inspired from Gesteland (2005)

Country	Cultural Context	Behaviour Specifications
Sweden (Ericsson)	Low-context	Monochronic (variable), Deal-Focused (DF), Informal, Equity, Reserved, Frank, Direct
Japan (Sony)	High-context	Monochronic (punctuality), Relation-Focused (RF), Formal, Hierarchical, Emotional Reserved, Frank, Indirect
Japan-Sweden (Sony Ericsson) Headquarter-London/UK	High(RF)--*----Low(DF)	Monochronic (time-obsessed), Deal-Focused (DF), Formal, Hierarchical society (nearly), Family-background, Reserved, Frank, Direct

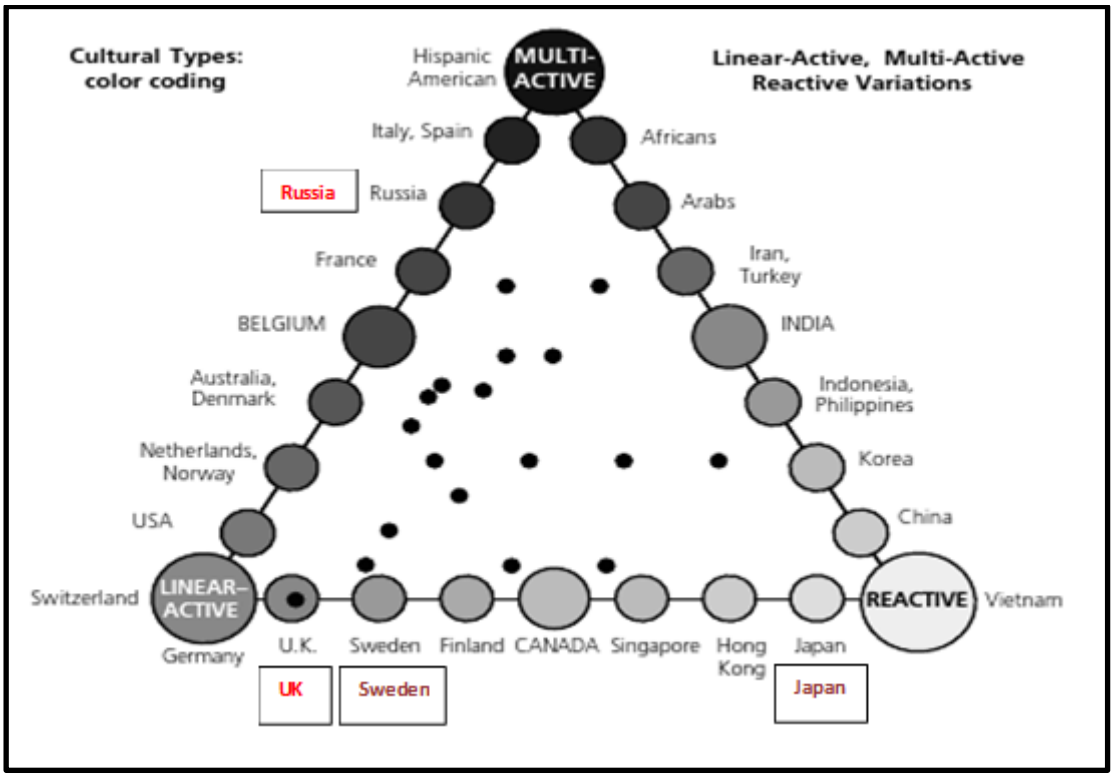


Figure 4.1 Locations of Russia, UK, Sweden and Japan National Culture on Lewis Model

Source: Inspired from Lewis (2006)

The Organizational Culture:

Hofstede (2001) distinguished the organizational structure as symbols, heroes, rituals and values and emphasized on the essential role of values to demonstrate the culture of the organization, namely that for sure those values interpret the way of people thinking inside the organization that is reflected in terms of actions and behaviors. Ahmed & Pang (2009, p39) furthered Hofstede and claimed that "organizational culture is the set of values, vision and strategy that implemented within the organization" to manage the behavior of individuals and their actions with the organization context.

Six dimensions shown in table 4.2 are adopted to describe and assess the organizational culture values by Hofstede, et al (1990) cited in Ahmed & Pang (2009) who examined the below dimensions on Sony Ericsson organization.

Table 4.2 Description of Organizational Cultural Values

Source: Ahmed, & Pang (2009)

Dimensions	**Sony Ericsson**	**Ericsson**	**Sony**
Process vs. Result orientation	Process Oriented	Process Oriented	Result Oriented
Employee vs. Job orientation	Employee Oriented	Employee Oriented	Job Oriented
Parochial vs. Professional orientation	Professional orientation	Professional orientation	Professional orientation
Open vs. Closed system	Open System	Open System	Open System
Loose vs. Tight control	Loose Control	Loose Control	Tight Control
Normative vs. Pragmatic	In between	Normativ	Pragmatic

4.2. Russian oil company TNK-BP J.V. (Case study 2)

Johnson, Whittngton, & Schole (2011, p. 706) mention that Lord Browne the British Petroleum's CEO declared before the formation of the new partnering entity TNK-BP J.V. with the Russian consortium AAR:

"*We have built a strong relationship tested by past difficulties, notably over Sidanco. We continue to build trust and less view each other's motives with suspicion*"

Browne wanted to show his desire to look forward the future investment in Russia and point to the powerful relationships had been built between his company and Alfa oil company, Sidanco in the past and not to look towards the loss of BP ($200 million worth of investment) which occured due to the former partnership with Alfa Group after 1998 (Johnson, Whittngton, & Schole, 2011).

4.2.1. The joint Venture Formation

In June 2003, the British giant BP which is one of the world's largest energy companies came together in a joint venture with the Russian consortium AAR (Alfa Group and Access-Renova Group) led by the Russian billionaires Mikhail Fridman, Len Blavatnik, and Viktor Vekselberg. The new established joint venture called the Russian oil company TNK- BP (Yenikeyeff, 2011). The headquarter was in Moscow and its 50,000 employees distributed across many regions in Russia and Ukraine. The invested capital in the joint venture was $6.8 billion to bring together BP's know-how with Russian natural resources, thus TNK- BP became the third largest oil company in Russia (Johnson, Whittngton, & Schole, 2011).

Each of partners had owned 50% of TNK- BP shares and the deal gave the right to the Russian partner AAR to nominate the Chairman, whereas the CEO was from BP. The board included five representatives from BP whereas just four from AAR. The TNK-BP J.V. deal stipulated that under British law, any disputes will be solved and the arbitration if become necessary, should be performed in Stockholm (Yenikeyeff, 2011; Johnson, Whittngton, & Schole, 2011).

The work scope of TNK- BP J.V. got access to produce oil in Siberia, refine oil, some gas interests and establish 1400 filling stations in Russia and the Ukraine (Johnson, Whittngton, & Schole, 2011).

Siberia suffered from the environmental pollution, particularly in drinking water due to oil leaks into the rivers in the oil producing areas in addition to the backward Russian oil technology: those were the most important reasons for Russia to enter in a partnership with BP which owns the sophisticated oil technology and commits itself to adopt the highest ethical and environmental standards in oil industry. Furthermore, the BP is getting access to the Russian reserves oil estimated conservatively at 4.1 billion barrels, that reserves will increase by 13% as the expected (Johnson, Whittngton, & Schole, 2011). The joint venture was regarded profitable for both parties in TNK- BP, although BP forecasted that the new joint venture may confront many risks in Russia.

4.2.2. Partners' Relationships

Johnson, Whittngton, & Schole (2011, p.706) mention that Lord Browne stated in early 2005 early 2005:

> "Now , over 18 months into the joint venture with Alfa Access-Renova, significant positive changes have taken place in TNK- BP organization, the system of internal control, the ability to plan, the approach to safety and environmental issues, and the application of new technologies. While there are always uncertainties, our constructive relationship with Russia and our joint ventures continues to strengthen"

In spite of Lord Browne's declaration which includes words of praise and compliments to the partners' relationships, but according to Yenikeyeff (2011) the Russian political system is very different to those who come from Western democracies, solid institutions and developed civil societies. The relations between administrative and industrial elites become the main political and economic arena in Russia due to the weakness of institutions and the impact of the regime and politicians in the country.

Observers saw that the Russian attitudes began to change towards overseas ownership of their country's natural resources after 2006 when the prices of Crude Oil increased obviously (Johnson, Whittngton, & Schole, 2011), although the Russian President

Vladimir Putin encouraged the Russian companies to enter in multinational partnerships and blessed TNK-BP joint venture in 2003 (Yenikeyeff, 2011).

However, by 2007 the relation between the two partners in TNK-BP started to become strained though emerging many issues. AAR complained that the partner BP put an over hand on the joint venture and restricted its growth globally in addition to the high cost of BP 's managers and engineering expert . A pollution concerns were raised and threats issued to close the gas field Kovykta (in which TNK-BP had a stake) by Russia's environmental protection agency. Disputes among the partners arose over the dividend payments, AAR wanted dividend to be kept as cash flow whereas BP wanted to cut the dividend to develop oilfields and equipment. Moreover, there were sensitivity and concerns over the non-equity in composition of the TNK-BP board of directors, 5 from BP and 4 from AAR. The peak of that clash occurred in May, 2008 when the Russian security services raided BP's office in Moscow couple of times and the CEO of TNK-BP Robert Dudley was alleged guilty due to alleged tax evasion. (Johnson, Whittngton, & Schole, 2011).

Yenikeyeff (2011, P. 9) argued that the cause of the decay in the partners' relationships led to distrust between them due to "some corporate governance issues and wide differences between outward and inward strategies of AAR and BP".

In September, 2008 an attempt to overhaul the governance structure of TNK-BP by doing some strategic changes, adding three new directors and employing a new interim CEO. Couple of years passed and after successive setbacks, BP and Russia's state oil Rosneft decided forming strategic partnership to develop Arctic hydrocarbons.

In 2011, that deal with Rosneft was blocked by the international courts after several months on the legal grounds of Stockholm Arbitration panel based on the first agreement between AAR and BP (Yenikeyeff, 2011).

4.2.3. Cultural Differences

The National Culture:

The general culture of a country affects its business culture (Gesteland, 2005). The partners of the TNK-BP joint venture **came** from two backgrounds; the British BP belongs to a Western democratic country, whereas the Russian consortium AAR, the Russian institutions and even the people are still influenced with the Soviet Union culture although the communism era is finished and a period of political change is started in Russia.

Although the cultural context of both of the partners in TNK-BP are of Low context in different degrees as shown in table 4.3 , Gesteland (2005, p231) claimed that "still, visiting negotiators find that the Russian business culture continues to exhibit features which set it apart from most members of the European Union".

However, reviewing the literature of TNK-BP joint venture organization shows obviously that selecting the city Moscow to place the headquarter had impacted negatively the relationships and building trust and thus the performance of the joint venture.

Table 4.3 National Cultural behavior Specifications of NTK_BP J.V. and its Parents
Source: Inspired from Gesteland (2005)

Country	**Cultural Context**	**Behaviour Specifications**
Russia (AAR)	Low- context	Polychronic (Unpunctual), Relation-Focused (RF), Formal, Hierarchical, Emotional Reserved/ Expressive communication, Frank, Fairly direct/ even blunt
UK (BP)	Low(DF)-------*--High(RF)	Monochronic (time-obsessed), Deal-Focused (DF), Formal, Hierarchical society (nearly), Family-background, Reserved, Frank, Direct
UK- Russia (TNK-BP) Headquarter- Moscow/ Russia	Low(DF)-----*---High(RF)	Hybrid (UK/ Russia Specifications, but closer to UK)

The organizational Culture:

It means the values set by an organization to be as a social glue bending individuals together within organizational context (Frendberg, 2006). The Planning and Performance Management PPM at TNK-BP are adjusted to be very much part of the BP

culture which believes strongly that corporate culture is a resource used by a company's entire workforce from senior management down to all employees, so the turning point for TNK-BP was in 2010 via adopting a set of organizational values to become a driving force behind the progress. Leaderships, performance, safety and integrity are the four themes which were adopted to unify people and attract new talents and at the same time keeping qualities (TNK-BP Sustainability Report, 2010).

4.2.4. Governance at TNK-BP

Surely, if any organization likes to sustain safely for long term, it should take into consideration the governance issue as a priority in its business plan and manage its governance well to avoid unexpected risks due the lack of governance in that organization.

Several decisions makers in TNK-BP like Larry McVay the deputy chief operating officer admitted that the production risks were not well-documented and pointed out to the needs of systematic plans to achieve the top industry standards for example the safety- related incidents across the organization, so in TNK-BP (2004, p.6) McVay declared:

> "I see as one of my major tasks encouraging the highest governance standards to minimize risks and so add value for the company's shareholder…….therefore, in all our relationships, whether with employees, partners, contractors or the government, we must make clear the rules by which we intend to operate and then not deviate from those rules in any of our business dealings"

Corruption:

TNK-BP took into consideration the principle of combating bribery through the expanding of participation in international anti-corruption initiatives. Viktor Vekselberg the Chief Operating Officer of TNK-BP stated that "corruption is a function of poor

governance" (TNK-BP, 2004, p.3) and he assured the intention of the decision makers of TNK-BP is to build a world-class company working in Russia committed itself to impose high levels of governance on all operating domains. Figure 4.2 illustrates part of Corruption Index as set by Transparency International (2012).

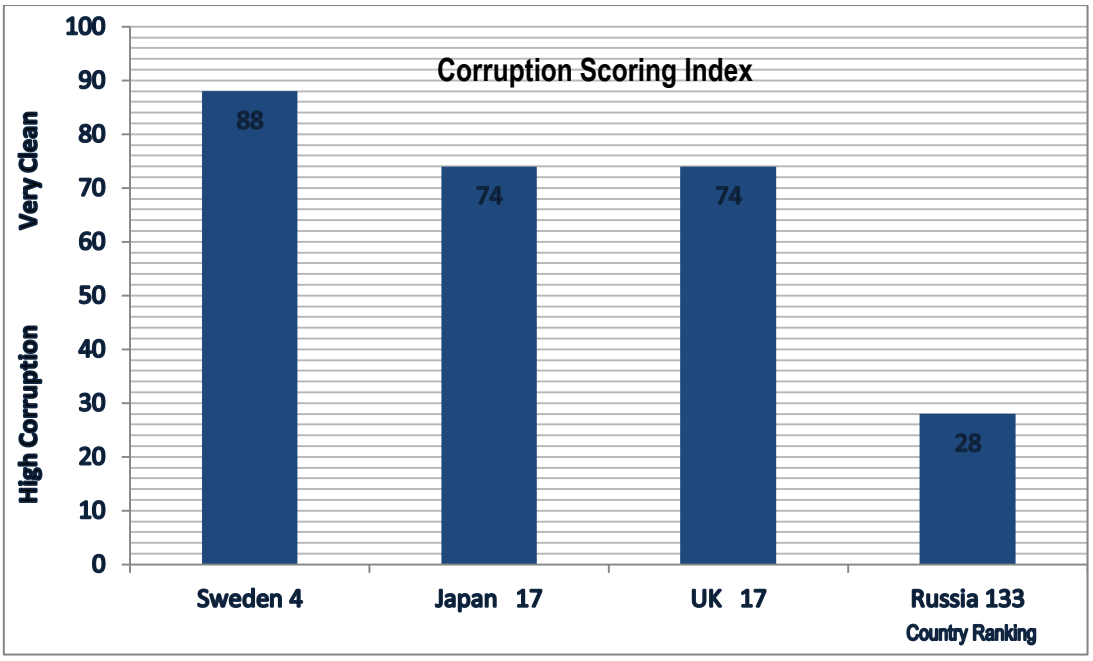


Figure 4.2 Corruption Scoring Index

Source: Inspired from Transparency International (2012)

Transparency:

Based on the satisfaction of TNK-BP decision makers that the transparency of information is vital anywhere, so the Planning and Performance Management PPM was designed to adopt the BP culture and to increase the transparency. TNK-BP applied Accounting Transformation Project (ATP) which is used for the first time in oil industry in Russia (TNK-BP, 2004) in order to deliver faster any required accounting process data.

4.3. Comparison between Sony Ericsson & TNK-BP

The comparison study shown in table 4.4 is done to make sense better the impact of the most important dimensions on the trust level amongst the partners and the performance of the multinational partnership in two cases.

Table 4.4 Comparison between Sony Ericsson J.V. and TNK-BP J.V

	Case Study 1	Case Study 2
Logo	Sony Ericsson	Russian oil company TNK-BP
Partners' Nationality	▪ Sony- Japan ▪ Ericsson- Sweden	▪ AAR consortium- Russia ▪ BP- United Kingdom
Longevity of Partnership	2001-2011	2003-2011
Partners' share	50-50 %	50-50 %
Sector	Mobile Handset Industry	Oil & Gas Industry
Co-brand localizing Positio	▪ Cooperation type ▪ Joint venture type & department level.	▪ Cooperation type ▪ Joint venture type & department level
Cultural context	High(RF)--*----Low(DF)	Low(DF)-- *---High(RF)
Organization management	▪ Inefficient management & particularly conflicts management. ▪ Risky strategy ▪ Top to bottom decision hurt SE, since it takes time to complete ▪ Poor supply chain Management	▪ Corporate Governance shortage ▪ Differences in BP & AAR strategies
Organizational core Values	▪ Success; ▪ Employees development ▪ Innovation &Being the best ▪ Normative - Pragmatic	▪ Advanced Oil Technology; ▪ Higher Environmental Standards; ▪ Economic Growth

Partners' roles	▪ Sony: Design Capabilities ▪ Ericsson: R&D Capabilities	▪ AAR: Natural Resources ▪ BP: Know-how
Partners' relationship	▪ Opportunistic behaviors	▪ Unstable- due the politic risks & governance shortage.
Trust level	▪ Cautious (The reluctant of Ericsson to give Sony access to their technology &tacit elements in order to prevent Sony engaging in opportunistic learning)	▪ Distrust (Because of unstable attitudes of the political regime in Russia towards the J.V.)
Corruption	▪ Japan- clean ▪ Sweden-very clean	▪ UK- clean ▪ Russia- high corruption
Transparency	▪ Moderate	▪ Russian attitudes towards overseas ownership in Russia not clear
Polices legal structure	▪ JV formation was sounded ideal	▪ problematic
Control	▪ loose	▪ Tight
Partners' commitment	▪ Lack of commitment led to process-based trust amongst both organizations	▪ Variable
Individual characteristics	▪ Japanese adopt "groupism" concept/ Various cultural backgrounds collective needs & goals of all employees ▪ Swedes remain within individuals &competitive nature. frank , direct, informal and punctual.	▪ Brits nearly hierarchal society, family-backgrounds, moderately relationship focus & mildly polychromic ▪ Russian display frequently emotionally reserved/Expressive, fairly direct, even blunt, polychronic and the connections play a key role in business
Partners' compatibility	▪ Incompatible	▪ Incompatible
Obstacles	▪ Cultural deviation; ▪ Difficulty of unifying two product lines; ▪ Character-based trust problems between managers; ▪ Profit loses &Sales volume decay; ▪ logistic issues; ▪ Management problems; ▪ Rational model difficulty restricts innovation	▪ Evolving Russian politics caused politic risks; ▪ Distrust ; ▪ Perceptions; ▪ Lack of Governance; ▪ Financial Objections; ▪ Tax Evasion;
Issues	▪ Delay in shipping of phones due to poor supply Chain ▪ UIQ operating system adopted by SE was less popular compared to Windows Mobile. That didn't gave SE competitive advantage like Nokia, Apple & Samsung ▪ SE issued a second warning of profit crash in 2008	▪ Russian Security role (raids & blocking Work Visa); ▪ Warning from Russian Environmental Protection Agency; ▪ Cases in International Courts

The above comparison is inspired from (Gesteland, 2005; Business Teacher Org., 2008; Ahmed, & Pang, 2009; Johnson, Whittngton, & Scholes, 2011; Yenikeyeff, 2011).

4.4. Conclusion

Studying the stories of Sony Ericson and TNK-BP contributes to illustrate the factors that affect negatively the performance of both joint ventures and led to their failure. In both cases, it seems obviously the impact of partners' cultural differences on their behavior, the relationships between them became sensitive over the time and the level of trust amongst them didn't develop. Many frequent conflicts were observed between SE managers based on cultural differences that made difficult for each side to accept others standpoints which were reflected negatively on the outcomes of the partnership. This conclusion furthers Gesteland's (2005, p.11) argumentation "cultural differences frustrate us because they are confusing and seem to be unpredictable".

In the case of SE, The lack of partners' commitment led to process-based trust amongst both organizations. In addition to the incompatibility between the rigid hierarchal organization structure of Sony and the moderate organizational structure of Ericsson led to delay making the necessary decisions compared with the dynamic markets, price and the high-speed technological progress. Those factors were exploited by other rivals to capture the customers.

Assessing various situations of TNK-BP, points obviously out the huge impact of the political regime on the performance of the company which was more than the risks forecasted by BP that would be confronted in Russia. Multinational company may suffer from many problems when it works in undemocratic country, so it is very important to assess the political regime nature and the culture of the country of your partner to take into consideration the unexpected political risks that influence the partnership performance.

Ultimately, the shortage of governance structure caused many obstacles to the partnership as mentioned in the case of TNK-BP, particularly in the countries that suffer from high corruption, bribery and lack of transparency. So if the partners want their performance to survive, they must have moderate control, good governance, careful study where to place the headquarter of J.V. and adopt the international legal standards.

Chapter Five - Data Collection and Findings

5. Introduction

This chapter takes into consideration the processes of gathering primary data from some partnerships professionals, preparing the findings, analyzing and discussing the obtained results. The acquired data is an essential pillar for this research and the diversity of research sources is important to achieve the research objectives. The source of the information is the people; most of them are managers, directors and other decision makers who have experiences in multi-national partnerships areas.

5.1. Data Collection

The methodology adopted to collect data (as mentioned before in section 3.6.) is a mixed-method design. Within this strategy, the dissertation can generate quantitative primary data as well as gather qualitative data through collecting and focusing respondents' comments. The intention in this research is to examine the trust level impact on the performance by acquiring different insights from practitioners who have experience in partnering domain.

Fig. 5.1 Respondents' location completed the survey

A Likert Scale survey of 5-point is used as a tool to collect data from 132 professionals belong to various companies in ten countries globally shown on the map and illustrated in figure5.1.

The questionnaire form (see Appendix) was sent to the respondents via email through SurveyGizmo organization and the responses collected by a panel hired from Cint Company for a period of one month starting on 8 April 2013.

5.1.1. Survey Design

The questionnaire is designed to encompass four elements; each of them has a group of different items related to the research construct as illustrated in table 5.1.

Excepting the personal data group, each item is provided with 5-point Likert Scale (Strongly Agree; Agree; Neutral; Disagree & Strongly Disagree) and a comment box to trigger the participants to show their opinions by saying what they believe.

Table 5.1 Questionnaire Construction

Element	Survey Statement
Personal data	1. Age 2. Gender 3. Position in your company
MN Partnership	1. Multi-national partnerships benefit to share knowledge & technology 2. Multi-national partnership is a tool for rapid growth in markets 3. Multi-national partnerships sustain competitive advantages 4. Multi-national partnerships increase profits 5. Multi-national partnerships create collaboration 6. Multi-national partnerships are advantageous to repeat business 7. Multi-national partnership is an option to make change 8. Innovation thrives in multi-national partnerships' environment 9. Multi-national partnerships avoid conflicts among companies
Trust	1. Multi-national partnerships improve firms relationships and trust 2. Multi-national partnerships need time to build trust & synergies 3. Cultural difference awareness is essential to build trust in multi-national partnerships 4. Common goals enhance trust within multi-national partnerships 5. Level of trust rely on individuals' characteristics within multi-national partnerships 6. Active Communication within partnership raise trust level between partners 7. Lack of transparency and policies legal structure lead to distrust 8. Lack of partners' commitment hurt trust between partners
Performance	1. High level of trust among partners lead to improve their performance 2. In multi-national partnerships the quality develops gradually 3. Costs are reduced & efficiently controlled in multi-national partnerships 4. Partners' incompatibilities hurt the performance of multi-national partnerships 5. Political regime & politics form a challenge to the multi-national partnerships performance

5.1.2. Pilot Test

A pilot survey is undertaken by e-mailing the survey link to six of our classmates. After testing the period of completing the survey by the selected respondents' sample was receiving successfully their responses and suggestions about the survey clarity in not more than 5-10 minutes, and then the survey was launched to collect the required data from the audience.

5.1.3. Instrumentation

This dissertation adopts a research survey tool inspired from the original Likert Scale model of five-point to collect data quantitatively. For the purpose of giving the respondents more freedom in answering and capturing their argumentations and

insights, each statement in the survey technique is furnished with a textbox to be an open-ended question. The respondent's comments are regarded as an additional source of the qualitative information.

*Original Likert Scale Survey***:**

The original Likert scale model was created by Likert in 1932 as one of the measuring instruments to assess the attitude and "what an individual believes, perceives or feels" (Gay, 1996) cited in (Page-Bucci, 2003, p.2). Page-Bucci argues that individuals should make a decision on their level of agreement on a statement of five- point scale namely five columns such as [Strongly Agree (Weighting 5), Agree (4), undecided (3), Disagree (2), and Strongly Disagree (1)]. The number beside each answer represents the value of that answer, thus the total score is estimated by adding the values for each answer, so the model is widely used owing to its simplicity and ease of use Neuman (2000) cited in (Page-Bucci, 2003). Boone & Boone (2012) mention that there is a distinction between Likert-type items which mean single questions using some aspects of original Likert response options, and Likert Scales as a composed of a series of four or more Likert type items which are joined into a single composite variable during the data analysis process, using a scale of five-point of course the attitudes, character and personality traits are measured.

It is proper to use the SPSS or Excel software to calculate statistically the Likert Scale (X) by using the following formula (Polldaddy, 2012):

X = (Number of votes * Weighting for column 1) + (Number of votes * Weighting for column 2) + Number of votes * Weighting for Column 3) + (Number of votes * Weighting for column 4) + (Number of votes * Weighting for column 5) / Total Number of Votes

Where: Number of votes represents the respondents' number

5.1.4. Respondents Sampling

The selected respondents' ages are between 26-75 years old, the average age of them is 49.39 years. Figure 5.2 shows that most of respondents who complete the survey and percentages of ages. All the respondents are coded from 1 to 132 for the purpose of treating with the sources of data confidentially.

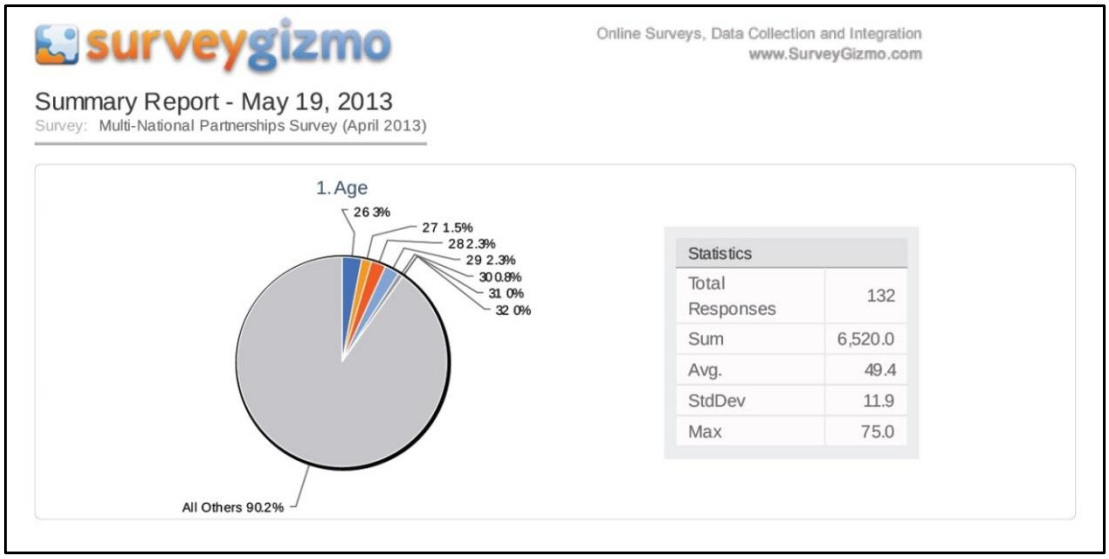


Fig. 5.2 Respondents' ages

The samples selected to complete the survey are from both genders, the male percentage of participation is 37.88% whereas the percentage of female participation is 62.12% as demonstrated in figure 5.3.

2. Gender

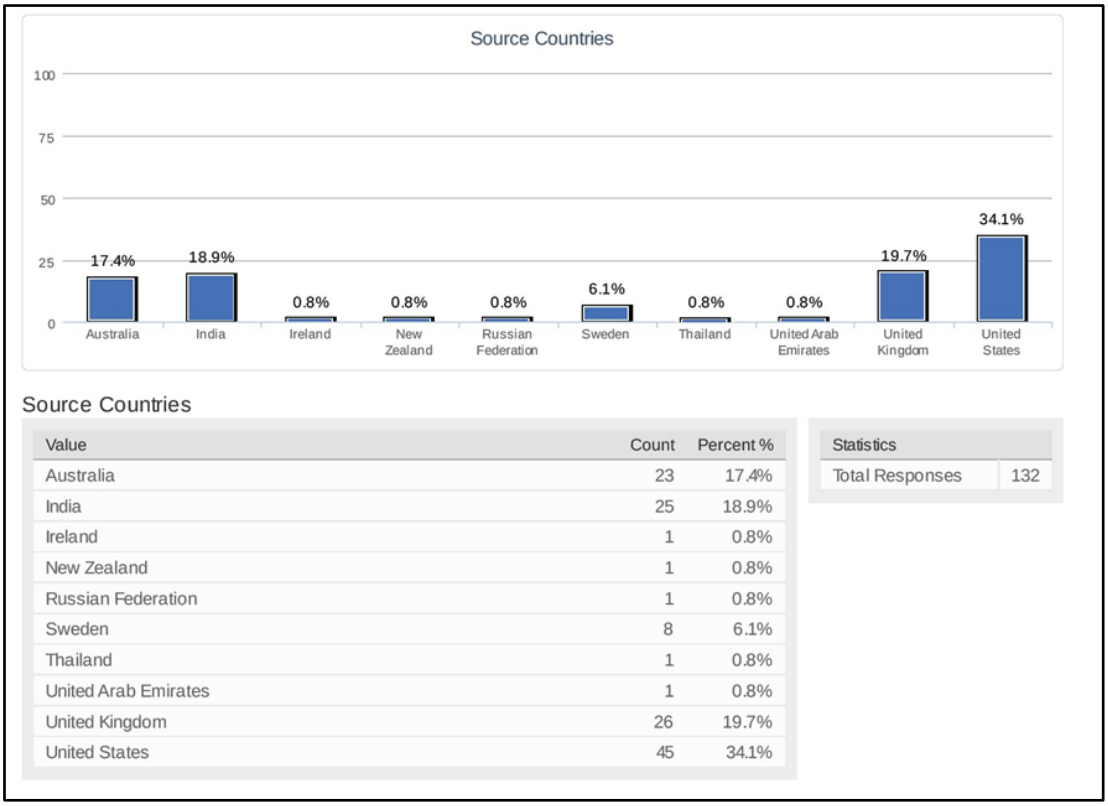
Value	Count	Percent %
Male	50	37.88%
Female	82	62.12%

Statistics	
Total Responses	132
Sum	2,950.00
Avg.	22.35
StdDev	3.40
Max	25.00

Fig.5.3 Participants' Gender

In order to insure acquiring various opinions and standpoints from the respondents, the design of this survey took in consideration participating professionals from 10 countries in different continents as illustrated in figure 5.4.

The respondents for this survey are selected randomly amongst large number of managers, director and other decision-makers who are registered in SurveyGizmo. Just the prerequisite that they belong to entities have experiences in domestic partnering and multi-national partnerships, so they occupy positions in their companies as shown in figure 5.5.



Source Countries

Value	Count	Percent %
Australia	23	17.4%
India	25	18.9%
Ireland	1	0.8%
New Zealand	1	0.8%
Russian Federation	1	0.8%
Sweden	8	6.1%
Thailand	1	0.8%
United Arab Emirates	1	0.8%
United Kingdom	26	19.7%
United States	45	34.1%

Statistics	
Total Responses	132

Fig. 5.4 Respondents' count and their countries

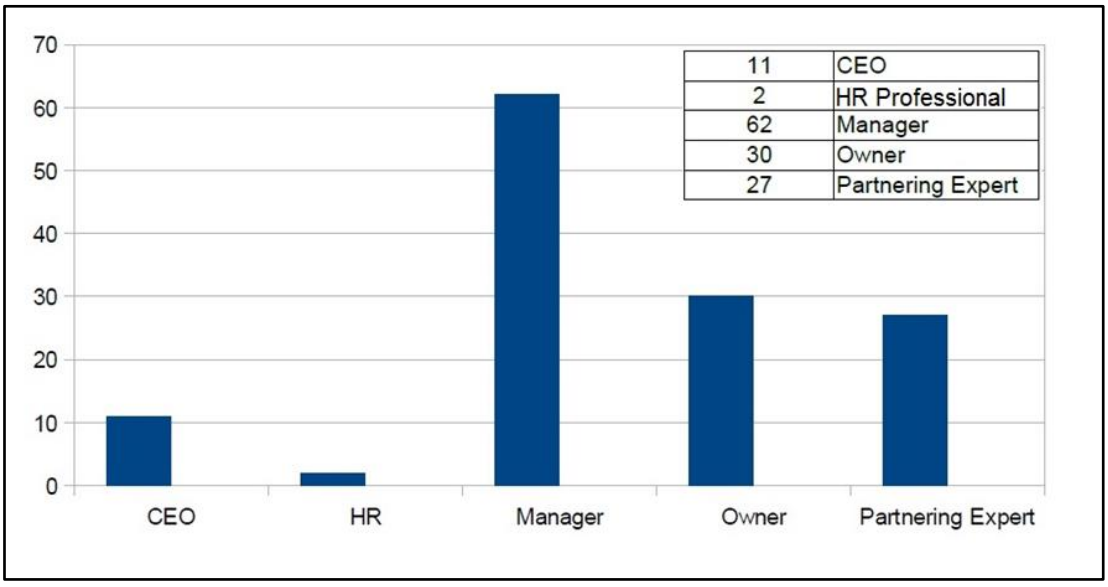


Fig. 5.5 Professionals' Position in their companies

5.2. Findings, Analyzing Results and Discussion

The facility of Microsoft Excel software is used by the researcher to classify and analyze the results due to the limited count of survey respondents (132 persons) as well as for the purpose of tabulation the comments of various respondents. This section is divided into five subsections to harmonize with the chapter of literature review and then to provide the appropriate answers to the research question and the subsidiary ones.

5.2.1. The Rationale Reasons for Establishing Multi-national Partnership

One of the objectives of this research is to highlight why firms tend to establish MNPs worldwide, the expected advantages of them, and then to validate whether the findings of the research done by Stokes (2012) on the partnerships between domestic constructions companies in UK, is the same advantages in the case of establishing partnerships among firms of different nationalities. The research results demonstrate that the multi-national partnering process produce many advantages as shown in figure 5.6.

Most of the respondents believe that MNP is an ‘option to make change’ as their responses show. Whereas Stokes (2012) finds the ‘improving relationships’ element is the most important in the domestic partnerships.

Sharing knowledge & technology, creating collaboration, good environment for innovation, active tool for rapid growth, to sustain competitive advantages and repeat business are significant advantages of MNPs, whilst increasing profits and improving relationships and trust come after in the sequence.

The results show also that reduction and controlling costs through the MNPs is not easy task. In the contrary to the domestic partnerships which are “easier projection of costs” according to Stokes (2012, p. 38). Finally it seems that the respondents are not keen on voting that MNPs avoid conflicts, so this element took the lowest number in Likert Scale whereas Stokes (2012) finds that the partnering process is a useful tool to reduce conflicts among domestic construction companies in his study.

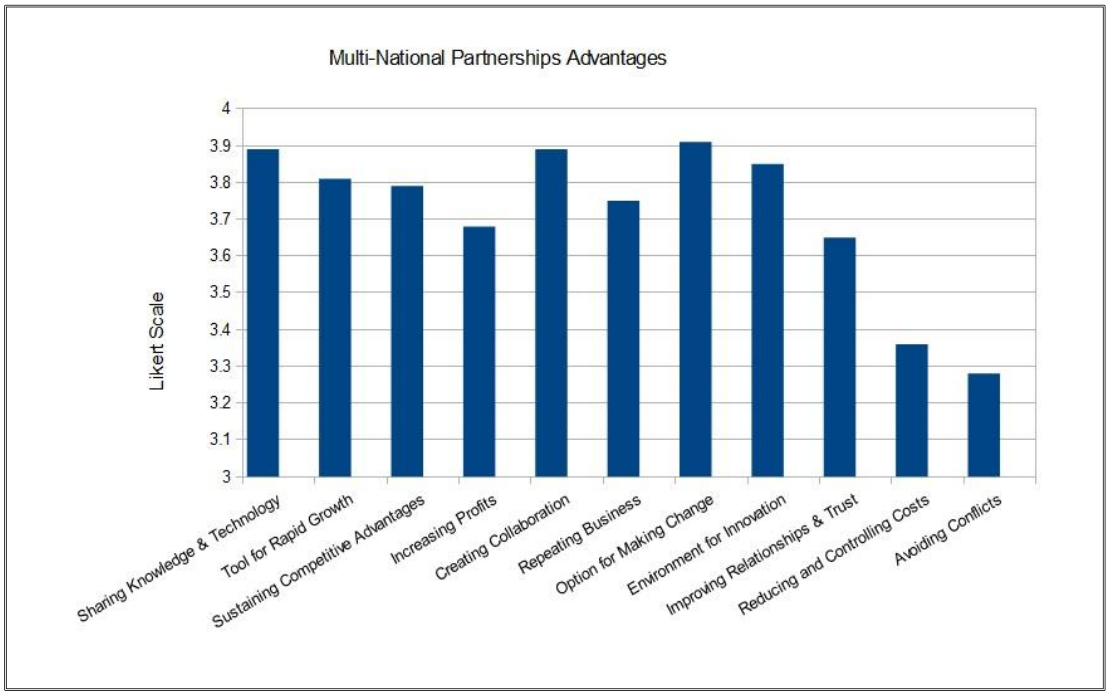


Fig. 5.6 Multi-national Partnerships Advantages

5.2.2. Building trust needs time through MNPs

Figure 5.7 demonstrates that most of the participants in survey advocate building high level of trust coming with the time in the MNPs, for example, respondent no. 16 states that “trust is built over time”.

These findings enhance what argued by (Silva, 2006; US Army Center, 2011; CCFRC, 2012; Stokes, 2012) that trust has to be built up over time and its benefits don’t appear overnight.

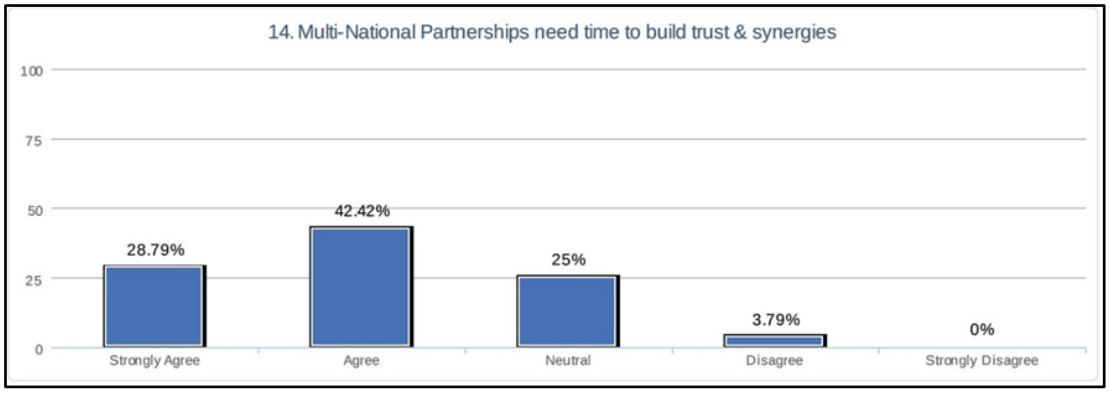


Fig. 5.7 Building Trust needs time through MNPs

5.2.3. Multi-national partnership and Relationships

The quantitative strategy adopted by this research and the numerical language show that the relationships among multi-national partners may develop positively if there is transparency, commitment and mutual understanding among them ,this could obviously be recognized through analyzing the respondents' comments. For example, respondent no. 83 expresses that "*It depends on the understandings between the partners*" and respondent no. 89 argues that "*Definitely it is a multiway traffic*" whereas respondent no. 103 comments that:

> "*I'd need more information to assess if this is true, there isn't a universal answer*"

A closer look at figure 5.8, the observer could infer that 41.7% of the respondents are hesitant and uncertain whether the MNPs are able to develop the partners' relationships, namely there is no consensus among the participants in the survey. On the contrary, Stokes (2012) finds that the partners' relationships are usually well-improved in domestic partnerships.

It is worth noting that the case studies of Sony Ericsson & TNK-BP (mentioned in Chapter 4) gave evidences that do not always MNPs offer strong partners' relationships and may be the trust among partners is still fragile as depicted by Mizrachi, Anspach, & Drori (2007).

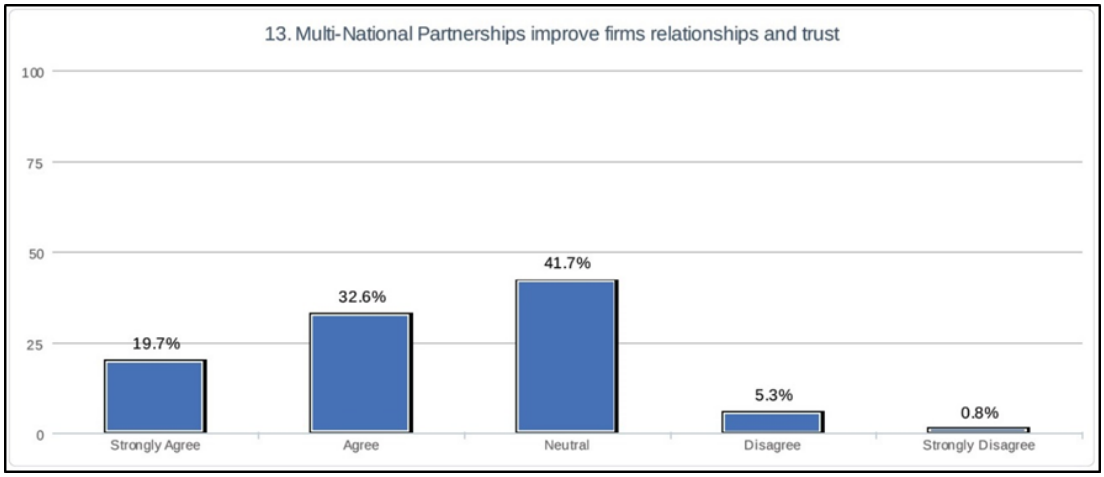


Fig. 5.8 MNPs Improve Relationships & Trust

5.2.4. The influential factors in building trust during multi-national partnerships

The survey findings show the essential factors affect building trust through any MNP as illustrated in figure 5.9.

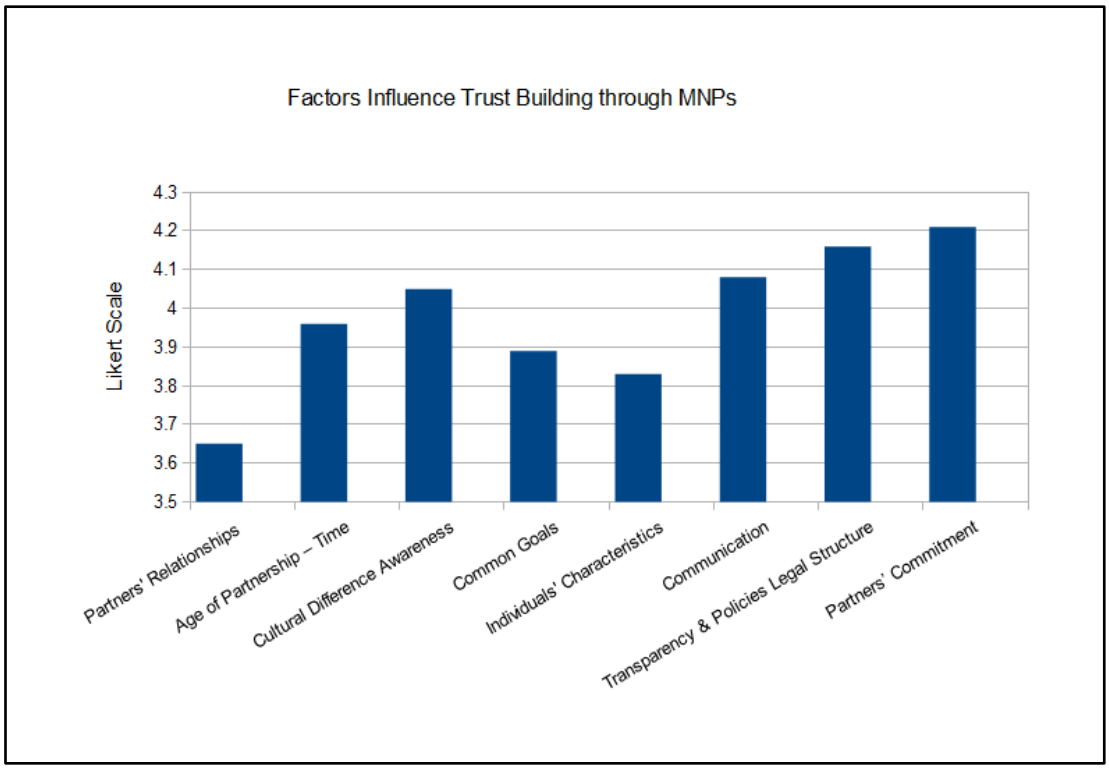


Fig. 5.9 Factors Influence Trust Building through MNPs

Almost all the respondents believe that partners' commitment is the core factor that impacts building trust among them, therefore the respondent no. 16 asserts that "You can't trust someone who is not committed!"

Furthermore, most of them advocate that transparency and the cohesive legal construction of the partnering agreements and policies are fundamental to enhance the trust. The active "communication is the backbone of trust" as described by respondent no. 73 and then furthered by respondent no.103 who claims that "When the communication itself is honest and seems that when goal is shared, and people follow through with their part, trust levels would rise".

Partners' cultural different awareness play key role in fostering the trust, so the respondent no. 89 upholds that "Yes, it is essential for survival and acceptance". Lot of them think also that the longevity of partnership, the common goal and even the personal characteristics affect trust building. Respondent no. 68 states that "Once they have formed partnerships, individual character should put aside". Surprisingly, the partners' relationship has the least effect on building trust according to the vote of respondents.

5.2.5 The level of trust and multi-national performance

Exploring an answer to the research question which was established at the outset of this dissertation:

"*Is trust a high level factor in achieving a successful multinational partnership?*"

Almost 83.34% of the respondents vote Agree and Strongly Agree with the sound "high level of trust among partners lead to improve their performance" as shown in figure 5.10. This means that there is a direct proportion between trust and performance i.e. when the level of trust between partners increases, so the performance becomes better consequently and vice versa.

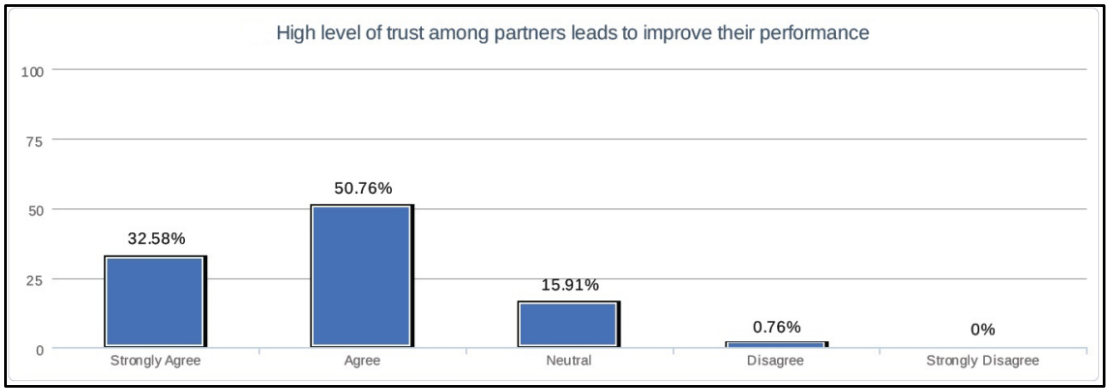


Fig. 5.10 High Level of Trust Improves MNPs performance

This result refutes the standpoints of Aulakh *et al*. (1996) who claim that the trust-performance relation is not significant and at the same time furthers the findings of (Zaheer, McEvily & Perrone,1998; Neth, 2003 & Sliva,2006) that trust generated between partners impacts the performance in a positive way unequivocally.

It is worth to remind what mentioned in section 2.1.5 that there is a consensus amongst the authors that the efficient way to assess the success of any partnering entity is through focusing its basic objectives of quality, cost, and profit, evaluating its performance and observing the partners' satisfaction. The research has empirically proved that the satisfying performance that represented the main attribute of the success of multi-national partnerships is influenced strongly by the level of trust between the partners, so the factors (shown in figure 5.9) which have direct impact on building trust process, have also effects on the performance indirectly and in variant degrees. Thus the success of the partnership and its outcome will be influenced.

The figure 5.11 illustrates the direct and indirect factors which are diagnosed through this research have impact on the performance of MNPs. Most of the respondents regard that partners' commitment and level of trust are the greatest factors that affect the performance and the success of MNPs, whereas the communication is considered a significant factor to success.

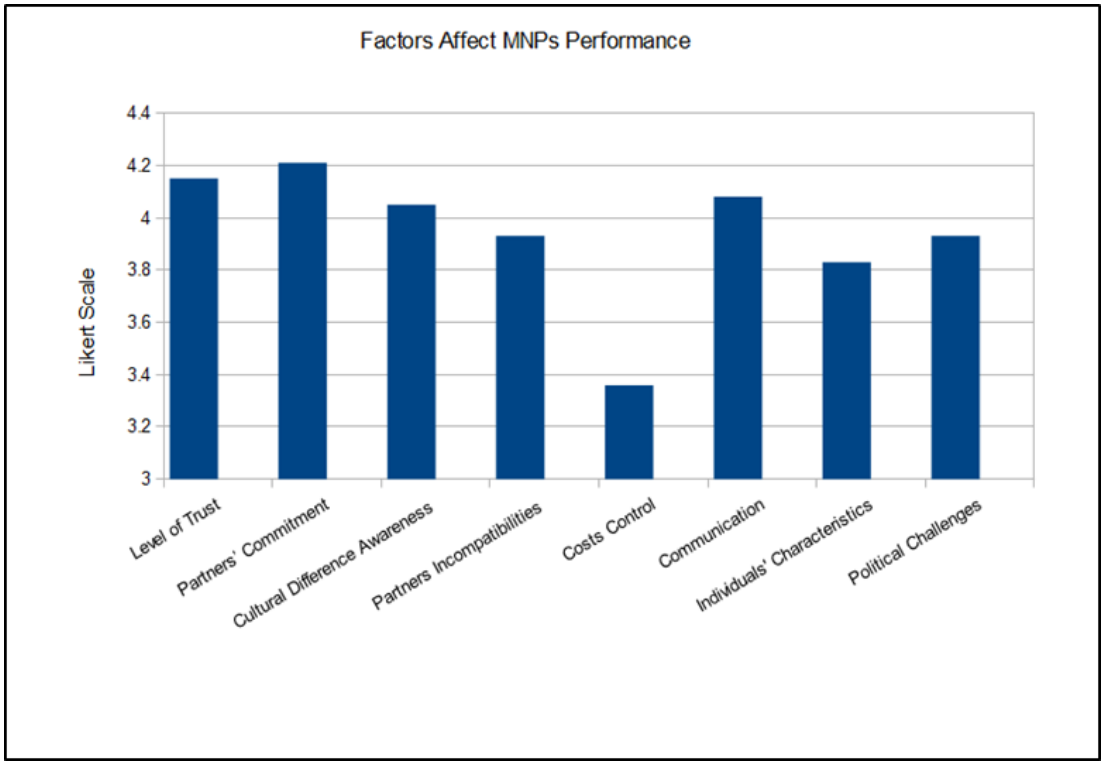


Fig. 5.11 Factors Affect MNPs Performance

Nevertheless, the results of this research also point out further factors which influence the performance of the partnerships directly like partners' incompatibilities, political challenges and individuals' characteristics issues, they were previously described e in the case study of Russian Oil Company TNK-BP discussed in section 4.2. It shows obviously how pressure of political regime affected the TNK-BP J.V. performance and then led to the failure of joint venture. Respondent no.71 points out the impact of partners' incompatibility impacts the partnership performance when he said: "Incompatibilities create hostility". ". While controlling cost which is one of the performance objectives, the survey showed that it is difficult or impossible in MNPs to control the cost, for example respondent no.75 believes: "it is difficult to control cost" whereas respondent no.16 argues "costs are out of control".

The quality forms a pillar of good performance and a feature of success, the findings show that 59.8% of respondents advocate that the quality develops gradually through the MNPs, as shown in figure 5.12.

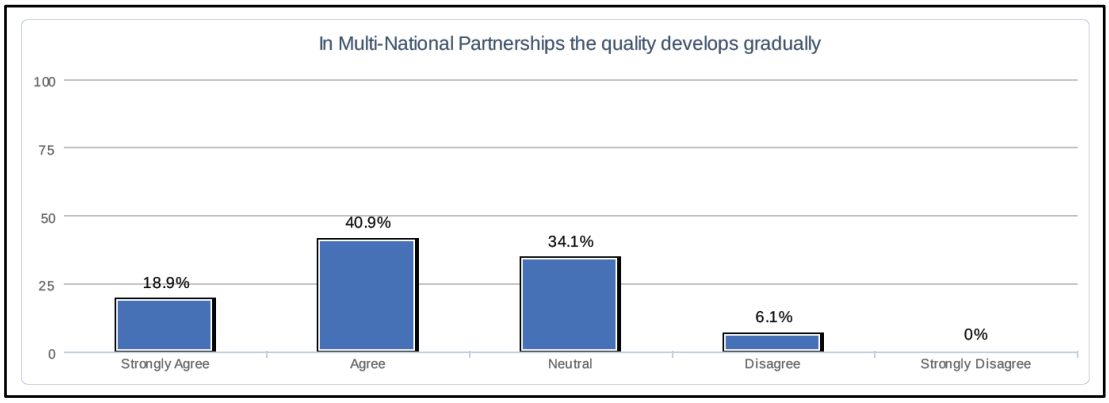


Figure 5.12 The quality develops gradually in MNPs

The respondent no. 68 comments that:

“this always true that it could only develop gradually, not suddenly”.

The trust among partners is built over time as it was previously explained in section 5.2.2, so building high level of trust leads to improve the quality and performance and then produces the satisfaction of the partners and other stakeholders which is considered by a researcher like (Silva, 2006) a subjective measure and an indicator to the success of partnership.

Chapter Six - Conclusion and Recommendation

6.1 Conclusion

Trust is the base for ventures

A multi-national partnership is a cooperative strategy adopted by two or more companies of various nationalities to implement a long-term agenda either to make a change or share knowledge to sustain competitive advantages and acquire other benefits which are possible to be achieved through the partnering process illustrated by this study in section 5.2.1. The partnership performance which is often measured through partners' satisfaction represents the core attribute of the success or failure of that partnership.

The findings helped to conclude that there is a strong interdependence between mutual trust level amongst different partners and partnership; in addition to that, as respondent 74 describes "trust is the base for ventures".

The results clearly supported what Child (2001) argues and Silva (2006) infers that trust plays a crucial role in managing the partners' relationships and positively influences the performance. Moreover, trust can behave as a 'catalyst for satisfaction', particularly in the relationships among partners of different nations.

These factors, the partners' commitment, transparency, communication, individual characteristics, shared value, common goals, cultural difference awareness and longevity of the partnership, which are diagnosed by this dissertation, have direct impact on the partners' relationships and the process of building trust. They also reflect their impact on the partnership performance, and eventually on its success. The non-tangible effects due to high level of mutual trust are often reflected on developing partners' relationships and producing tangibly beneficial features on the partnership

performance such as controlling time and costs as well as developing quality and increasing profits.

The partners' relationships are not always be better in the multi-national environment than in the domestic partnerships as often occurs, since building high level of trust among partners of various nationalities can be a daunting task owing to cultural differences, political pressures faced by partners, divergence of views among the partners on the crucial issues.

The level of control applied in the partnership entity must be reasonable. It is worth to reminding here with Faulkner's (1999) claim in Financial Times that trust reduces the need for rigid control systems, lowers costs and enhances the opportunities for competitive advantages.

The boundaries and obstacles that were resulted because of the incompatibilities in political regimes and the difference in democracies in the countries of different partners followed by consequent regulations and policies lead to diminish the level of trust among the partners.

The Importance of Trust in Partnerships

Companies have to bear in mind the conclusions of theorists and professionals in partnering that trust is a fundamental factor in the success of any global partnership and projects, since it is an essential component of human relationships throughout the world.

The mutual trust among partners is beneficial in dealing with uncertainty when there is a lack of knowledge and understanding and help to a large extent to reduce risks. Moreover, the culture of trust assists to dismiss the existence of corruption.

Child (2001) who believes strongly that collaboration is not based on signed contract, but on trust and goodwill, on the other hand, Nooteboom (2002) depicts the reduction the transaction costs is the economic value of mutual trust between companies as well as the trust-based relations diminish the opportunism, whereas Silva (2006) advocates that

the trust and friendly-based relations help facilitating conflict resolution, improving mutual understanding, creating competitive advantages and activating the commitment for better quality and innovation.

This dissertation holds that all the above mentioned beliefs are rational even though they are in variant degrees from one case to another.

Trust builds trust

The process of building trust does not come overnight. It is sometimes like the action and reaction among partners. If you trust me, I will trust you. One senior executive cited in Child (2001, p. 274) declared that:

"No partnership will work without trust, and it is one of the most difficult things to achieve"

When partners trust each other, they become able to share resources and experience, pool their knowledge and even the confidential information. However, trust in order to be built needs efforts and time.

The informal understanding between partners based on trust is often more powerful than the formal contracts in the partnering performance. The successful relationships lead to reinforce trust and may create virtuous circle (Child, 2001), on the contrary, it is difficult to maintain trust, when it is broken, as respondent 71 described “once trust is breached it is hard to re-establish”.

However, building trust takes a long time, but it may be destroyed in a moment when partners are not careful to maintain it.

6.2. Recommendations

The recommendations that can be offered in this dissertation:

Firstly, companies that have desire to create multi-national partnership should make sense and regard carefully the partners' cultural differences before the official establishing of the partnership entity and set appropriate plans for dealing with this issue during all the stages of the partnering process to ensure building strong relationships which are based on mutual trust among partners.

Secondly, the trust- based relationships are regarded by professionals active strategies used to treat uncertainties during partnerships. The successful relationships among the various partners are mostly built through paying attention to the elements that generate and sustain trust. Waiting for another partner to show trustworthiness is not sufficient, so the early initiatives of planting confidence among the partners are important, but trusting others blindly may cost dramatic effects.

Thirdly, the partners should understand that high level of control is not always useful to improve the partnership performance, but the necessity is to create high level of trust accompanied by applying a little bit of non-rigid control system for achieving successful partnerships.

Fourthly, the partnering project suffers much under unstable political situations in various countries and the pressures caused by variant degree of democracies, so this issue needs to be investigated with further research in future.

Fifthly, companies should take into account through all cooperative ventures the contractual formalization to ensure the legal requirements and responsibilities of each partner clearly. This can help to set the tone and level of trust of the partners' relationships that no one party has unfair leverage over the other party.

6.3 Limitations of the Study

The main limitations of this research are: Firstly the unimaginable reservation in some companies in addition to the reluctance to participate in the interviews and exploratory survey led to many difficulties in finding professional volunteers to equip the researcher

with primary data that is necessary to the research and promoting the analysis. That led also to exceed the timetable of the research. The second limitation is the methodology itself adopted by a researcher who finds sometimes him/herself obliged to apply it due to different attitudes, for example using quantitative method of inquiry to investigate a subject of a qualitative nature with distinction like the trust.

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Appendix

Multi-National Partnerships Survey

Page One

Please Select the circle that represents how you feel about the factors which affect Multi-National Partnerships relationships.

1. Age

-- Please Select --

2. Gender

-- Please Select --

3. Position in your company:

4. Multi-National Partnerships benefit to share knowledge & technology *

Strongly Agree	Agree	Neutral	disagree	Strongly disagree
○	○	○	○	○

Comments

5. Multi-National Partnership is a tool for rapid growth in markets *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree

Comments

6. Multi-National Partnerships sustain competitive advantages *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree

Comments

7. Multi-National Partnerships increase profits *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree

Comments

8. Multi-National Partnerships create collaboration *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree

Comments

9. Multi-National Partnerships are advantageous to repeat business *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
○	○	○	○	○

Comments

10. Partnering is an option to make change *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
○	○	○	○	○

Comments

11. Innovation thrives in Multi-National Partnerships' environment *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
○	○	○	○	○

Comments

12. Multi-National Partnerships avoid conflicts among companies *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
○	○	○	○	○

Comments

13. Multi-National Partnerships improve firms relationships and trust *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
○	○	○	○	○

Comments

14. Multi-National Partnerships need time to build trust & synergies *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
○	○	○	○	○

Comments

15. Cultural difference awareness is essential to build trust in Multi-National Partnerships *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
○	○	○	○	○

Comments

16. Common goals enhance trust within Multi-National Partnerships *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
○	○	○	○	○

Comments

17. Level of Trust rely on individuals' characteristics within Multi-National Partnerships *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
○	○	○	○	○

Comments

18. Active Communication partnership raise trust level between partners *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
○	○	○	○	○

Comments

19. Lack of transparency and policies legal structure lead to distrust *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
○	○	○	○	○

Comments

Strongly Agree	Agree	Neutral	Disagree	Disagree
○	○	○	○	○

Comments

24. Partners Incompatibilities hurt the performance of Multi-National Partnership *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
○	○	○	○	○

Comments

25. Political regime and politics form a challenge to the Multi-National Partnership *

Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
○	○	○	○	○

Comments

Thank You!

Thank you for taking our survey. Your response is very important to us.