

Managers' perceptions on trust and knowledge transfer: evidence from Greek ISAs in South East Europe

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Abstract

Nowadays, cooperation through the formation of International Strategic Alliances (ISAs) has become a key strategy for many firms that expand internationally. Trust among foreign partners and knowledge transfer are identified in the literature as crucial factors for satisfactory ISA performance. This paper extends previous research (Rotsios et al., 2018, 2019) on these two important parameters. Based on aspects from the Social Exchange Theory and the Resource Based View, we explore a) the perceived level of Greek managers' trust towards their foreign partners, and b) the perceived level of the knowledge that Greek companies have acquired from their participation in ISAs. A quantitative approach is adopted, and through a questionnaire survey, a sample of 171 Greek ISAs operating in the region of South East Europe is examined. This study contributes to International Business (IB) literature and sheds light on trust and knowledge transfer in ISAs in an under-researched region. Furthermore, this research enhances the understanding on issues related to trust among ISA partners and knowledge transfer in ISAs. In addition, it contributes to the limited number of regional IB studies. Finally, the empirical findings are discussed and managerial implications are presented, while areas for further research are also proposed.

Keywords: International Strategic Alliance, trust, knowledge transfer, South East Europe

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Introduction

In today's competitive global business environment, it has become increasingly challenging for firms to sustain their competitive advantage and gain access to foreign markets without establishing International Strategic Alliances (ISAs). As noted in Jiang *et al.* (2011, p. 128), "Strategic alliances are defined as horizontal cooperative agreements between two or more firms from the same stage of the value chain aimed at jointly developing, manufacturing, and/or distributing products" (King *et al.*, 2003; Zollo *et al.*, 2002). An alliance is considered international when at least one of the partners originates from a different country than the one the alliance determines as a target market (Aldakhil and Nataraja, 2014). However, despite the increased academic interest in strategic alliances, there is a gap in the literature with regard to the various aspects of cooperation among alliance partners (Bell *et al.*, 2006; Jiang *et al.*, 2008). Consequently, it is not surprising that managers and academics still have no concrete perception of the factors that make ISAs successful (Kauser and Shaw, 2004).

According to Cobeña *et al.* (2017), ISAs play an important role for companies' survival as they give access to vital resources for achieving sustainable competitive advantages in the uncertain international business environment of today. As Chen *et al.* (2014) note, strategic alliances are important for firms to obtain external knowledge and create a competitive advantage. Moreover, Lubello *et al.* (2015) argue that ISAs are the main instrument for firms to ensure knowledge development and increase the availability of complementary resources. Chen *et al.* (2014) indicate that the relationship between knowledge transfer and trust has received only limited attention from IB researchers.

This study's target population is Greek firms which have formed and operate international strategic alliances in South East Europe. Based on the quantitative approach, primary data was collected through a web-based questionnaire survey. A sample of 171 Greek ISAs operating in the under-researched region of South East Europe was gathered and analyzed in a period of nine months. The purpose of our research is a) to identify the categories of ISAs the sample firms participate in and b) to examine the Greek managers' perceptions on i) the most significant ISA category for their firm's long term development, ii) the level of trust they have towards their foreign partners and iii) the level of knowledge acquisition from their ISA participation.

This research, regarding Greek executives' perceptions on trust and knowledge transfer in the context of ISAs in South East Europe, contributes to the relevant literature in the following ways. First, to the best of our knowledge, no similar research has been conducted before in this region by other researchers. Second, the findings support previous research results on trust and knowledge transfer in ISAs. Third, they provide indications that Greek executives highly trust their ISA partners. Fourth, they indicate that Greek managers seek to obtain mostly

knowledge on local market conditions from their ISAs. Finally, the research focuses on a region and not just on a country, as most previous studies do (Nemeth and Nippa, 2013).

1. Theoretical background

1.1. Trust

Social Exchange Theory (SET) has recently received increased attention in the study of inter-partner relationships in strategic alliances and mutual trust among alliance partners is regarded as a central construct of social capital for numerous researchers (Inkpen and Currall, 1997; Johnson *et al.*, 1996; Madhok, 1995b; Sarkar *et al.*, 1997; Wu and Cavusgil, 2006). According to Hajidimitriou *et al.* (2012), conceptually and methodologically, trust is a complex subject area, resulting in “a confusing potpourri of definitions applied to a host of units and levels of analysis” (Shapiro, 1987, p. 625). Sabel (1993, p. 1133) defines trust as “the mutual confidence that no party to an exchange will exploit another’s vulnerabilities”. According to Jiang *et al.* (2011, p. 1150) “trust is commonly defined as the confidence in the other party that entails, among various aspects, a willingness to be vulnerable toward others despite an uncertainty regarding their motives, intentions, and prospective actions”. Sklavounos *et al.* (2018, p. 205) define trust as “a firm’s willingness to depend on its ISA partner based on the positive expectations of the partner’s reliability, fairness and goodwill”.

Trust is a particularly important aspect of relational quality in alliances because it facilitates social interaction, it increases transparency, and reduces transaction costs and uncertainty. According to Nielsen and Nielsen (2009), the ability of a company to absorb external knowledge from its alliance partner rests on the quality of the relationship, namely on the degree of trust among partners. Trust affects both the extent of knowledge exchanged in ISAs (Inkpen, 1997) and the efficiency with which it is exchanged (Parkhe, 1998b). Mutual trust facilitates collaboration via the blend of each partner’s resources and knowledge (Kwon, 2008).

Moreover, trust establishes a basis of intimacy, predictability and reliability, which leads the participating parties to be more open and receptive to the transfer and acquisition of knowledge (Dyer and Hatch, 2006; Inkpen and Tsang, 2005). Inkpen and Tsang (2005) argue that when trust exists, the recipient is more likely to be open and receptive to the knowledge offered by another party. This intimacy is also associated with frequent communication (Szulanski, 1996) and coordination flexibility because parties are more willing to respond quickly to interfirm requests (Das and Teng, 1998). A key obstacle to interfirm knowledge transfer is the potential leakage of valuable knowledge (Dyer and Singh, 1998; Inkpen, 2000). Trust establishes a level of behavioural predictability and reliability through the

accumulation of exchange experiences and assists in overcoming this obstacle. Lane *et al.* (2001) note that trust enables better cooperation between the recipient and the knowledge source by generating the mutual understanding which implies that both parties will consider the interests of the other. Galati and Bigliardi (2019) have shown that the absence of trust leads to the termination of business partnerships. Trust may foster knowledge transfer by i) establishing idiosyncratic sharing routines to facilitate learning of specified information and know-how (Dyer and Singh, 1998), and ii) increasing the overall level of information exchange between parties (Tsai and Ghosal, 1998).

1.2. Knowledge

Knowledge is considered a crucial resource that leads to the creation of competitive advantage in today's antagonistic international business environment (Park, 2011). According to Davenport and Prusak (1998, p. 4) "*Knowledge is a fluid mix of framed experience, values, contextual information and expert insight that provides a framework for evaluating and incorporating new experiences and information*". Knowledge transfer is a quite complicated process and requires commitment and effective allocation of resources. Beamish and Berdrow (2003) define knowledge transfer as the "migration" of knowledge from one partner to the other, either directly or indirectly, through the alliance. Empirical research has found that firms which can transfer knowledge effectively have a greater chance to achieve better performance than the less effective and experienced ones (Argote, 1999). However, limited research has been conducted on the issue of knowledge transfer between SMEs (Massaro *et al.*, 2019).

Knowledge transfer involves social relational aspects such as trust and commitment and entails investment and time (Park *et al.*, 2015). Massaro *et al.* (2019) have found that trust enhances the effectiveness and efficiency of knowledge transfer among SME networks. Moreover, Junni and Sarala (2012) have shown that acquisition of knowledge in international strategic alliances is a challenging and difficult process which might result in both benefits and complications. According to Zhan and Chen (2013), it is reasonable to assume that when knowledge transfer meets obstacles, the integration and utilization of other partners' resources will be difficult to be turned into a competitive advantage.

2. Data collection and sample

The target population in this research project is Greek firms which have established and operate ISAs in South East Europe (Cyprus, Bulgaria, Romania, Serbia, Albania, N. Macedonia and Turkey) countries. It is noteworthy that most of these countries are emerging economies with which Greece has historical, cultural and economic bonds. The research was conducted in Greece, based on a database of

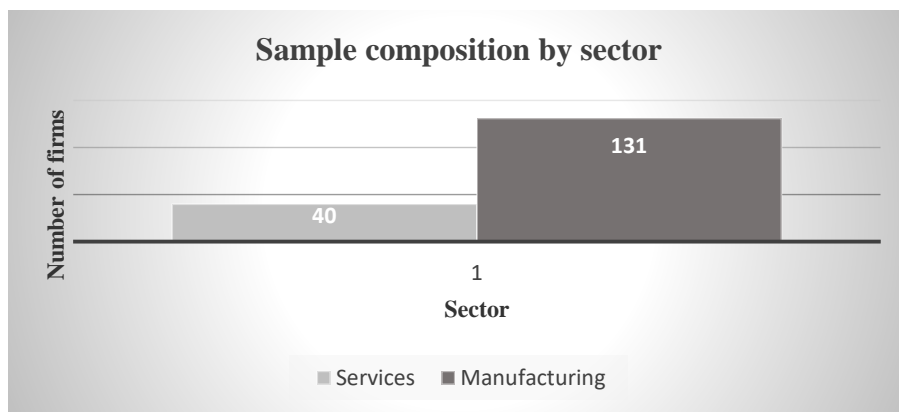
firms with international business activities, which was gathered from the ICAP Group, the Exporters' Association of Greece (S.E.V.E.), the Hellenic Federation of Enterprises (SEV) and the Federation of Industries of Northern Greece (FING).

The primary data were collected from top level Greek managers who were actively involved in the formation and management of their companies' international strategic alliances. Most of them were export directors, international business directors, vice presidents, chief executive officers or owners because only top executives who deal directly with their companies' ISAs could give meaningful responses. This method of obtaining information only from one side of the relationship has also been applied by other researchers of ISAs (Silva *et al.*, 2012, Ali and Larimo, 2016) and was selected due to time and expense considerations. In addition, since organizational direction and strategies of smaller firms tend to be determined by their key decision-makers (Lumpkin and Dess, 1996), a key informant design is considered a suitable one as the vast majority of the sample firms are SMEs (Nielsen, 2007). The primary data collected allow for generalization of the results. On the contrary, it is a common practice in international business research to use secondary data due to the numerous challenges of gathering sufficient primary data (Beamish and Lupton, 2009, 2016).

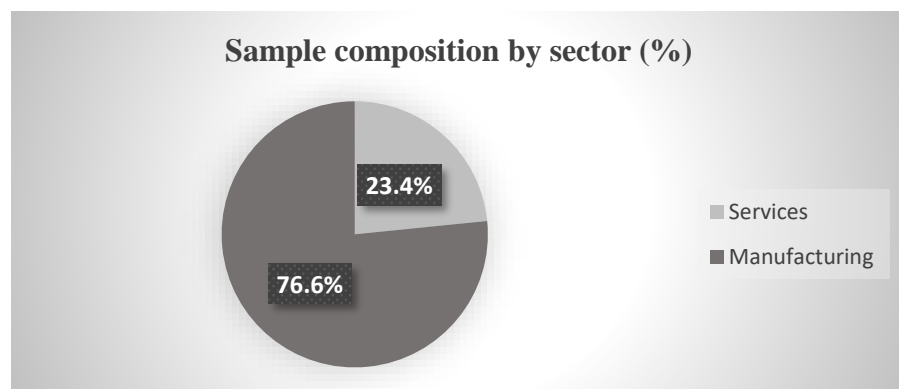
Before its final distribution, the questionnaire was tested for its clarity and structure by five senior managers with substantial experience in the formation and management of ISAs. This pilot study led to the revision of the questionnaire in order to be absolutely appropriate for the specific context of the study and to the refinement of the research model. In addition, the researchers took into consideration the useful comments and detailed feedback from academics with relevant experience in international business research (Stoian *et al.*, 2017).

According to Dillman *et al.* (2009), web surveys permit access to largely dispersed respondents easier, faster, and less expensive than mail surveys and they show the data in numerical form in real time. Hence, in Spring 2018, a web-based questionnaire was sent to 1,010 Greek firms with international business activities, along with a cover letter which explained the research aim and asked for their reply only if their company continued to actively participate in ISAs. In cases where firms were involved in more than one alliance, the respondents were asked to provide answers for the most important ISA for their firm's long-term development and growth. In total, 171 useful responses were gathered resulting in a response rate of 16.9% (171 out of 1010), which is considered typical in similar surveys targeted at senior management members (Hambrick *et al.*, 1993).

The sample characteristics indicate that 171 ISAs with at least one Greek partner are operating in the South East Europe region. 131 firms with ISA participation operate in the manufacturing sector representing 76.6% while the remaining 40 firms operate in the services sector, representing 23.4%, as illustrated in Figure 1 and Figure 2.

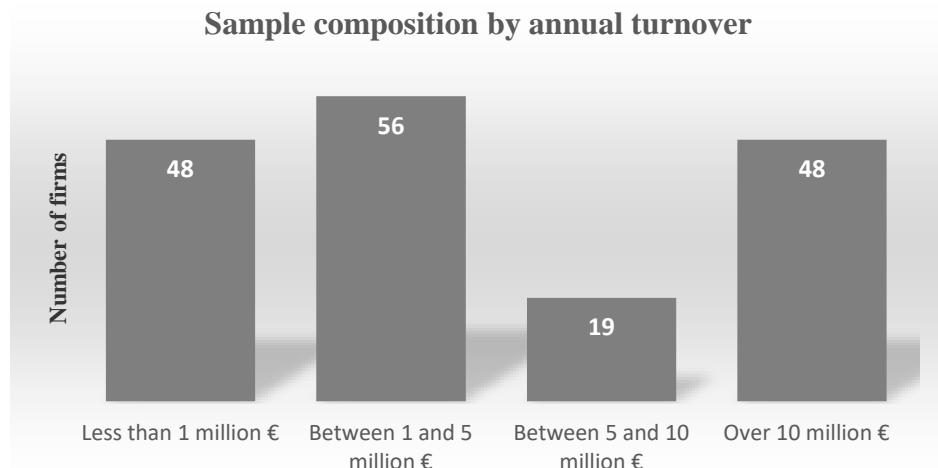
Figure 1. Sample composition by sector

Source: Authors' representation.

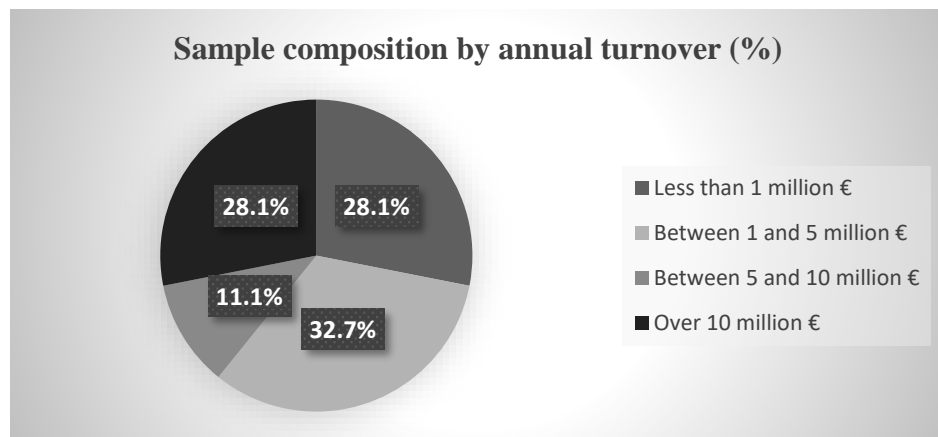
Figure 2. Sample composition by sector (percentage)

Source: Authors' representation.

Regarding the sample composition by annual turnover, 56 firms have an annual turnover between 1 and 5 million € which is the largest category, representing 32.7% of the total sample. The following two categories are the ones with an annual turnover of less than 1 million € and over 10 million € with 48 firms or 28.1% respectively. The remaining 19 firms have an annual turnover between 5 and 10 million €, representing 11.1% of the sample. It is noticeable that the sample includes all possible types of companies with regard to their annual turnover size, ranging from the small ones, of less than 1 million € per year, to the large ones, of over 10 million € annually, with a sufficient number of firms in each category, as illustrated in Figure 3 and Figure 4.

Figure 3. Sample composition by annual turnover (number of firms)

Source: Authors' representation.

Figure 4. Sample composition by annual turnover (%)

Source: Authors' representation.

The firms in the sample have approximately 112 employees, on average. Table 1 below depicts all the information regarding the sector, the annual turnover and the number of full-time personnel of the sample firms.

Table 1. Sample firms' characteristics

		N	%	M	S.D.
Sector	Manufacturing	131	76.6%		
	Services	40	23.4%		
Annual turnover (in €)	Less than 1 million €	48	28.1%		
	Between 1 and 5 million €	56	32.7%		
	Between 5 and 10 million €	19	11.1%		
	Over 10 million €	48	28.1%		
Number of full-time personnel				111.91	237.66

Source: Authors' representation.

According to the definition of micro, small and medium-sized enterprises (SMEs) issued by the European Committee on 6 May 2003, depicted in Table 2 below, we observe that the vast majority of the sample firms are actually SMEs. More specifically, the sample characteristics show that 29 firms are included in the micro enterprise category, 71 firms in the small enterprise one, 53 are small enterprises, while only 18 firms belong to a larger category. In other words, 89.47% of the Greek firms which participate in this study are SMEs.

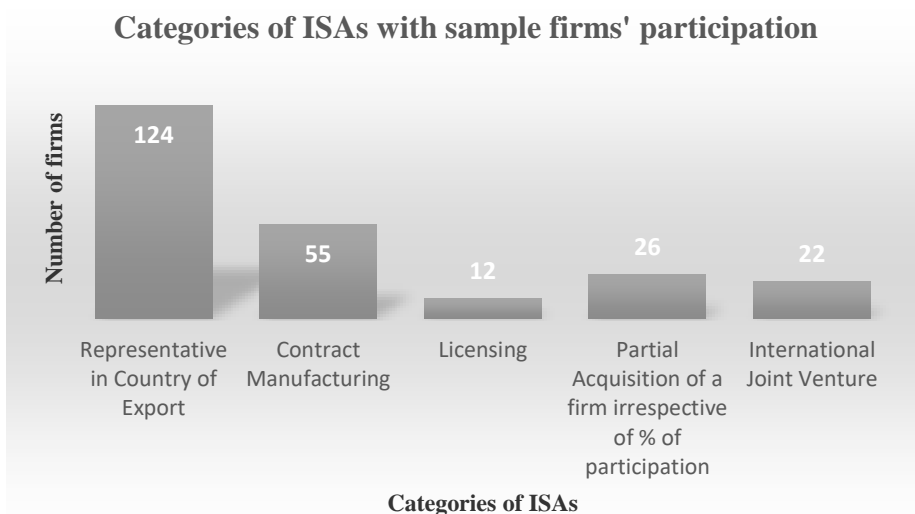
Table 2. SME Definition

Enterprise Category	Staff Headcount	Turnover or Balance sheet total	
Medium-sized	< 250	≤ € 50 million	≤ € 43 million
Small	< 50	≤ € 10 million	≤ € 10 million
Micro	< 10	≤ € 2 million	≤ € 2 million

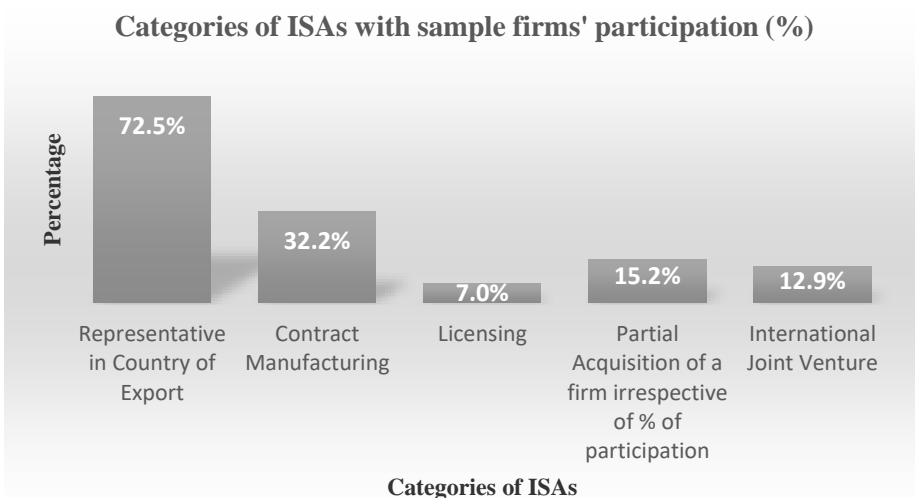
Source: European Commission data¹.

Moreover, the respondents were asked to reveal all the categories of ISAs in which their company participates. The results are illustrated in Figure 5 and Figure 6. It is observed that 124 parent firms participate in an ISA through a representative in the country of export, representing 72.5% of the parent companies. The next most popular category is contract manufacturing with 55 parent firms or 32.2% of the sample, followed by the category of partial acquisition regardless of the percentage of participation, with 26 parent firms or 15.2% of the sample. The category of international joint ventures follows with 22 parent firms, representing 12.9% of the sample, while licensing is the least observed one with 12 parent firms or 7% of the sample.

¹ Retrieved from https://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en.

Figure 5. Categories of ISAs with sample firms' participation

Source: Authors' representation.

Figure 6. Categories of ISAs with sample firms' participation (%)

Source: Authors' representation.

Figures 7 and 8 illustrate the respondents' answers regarding the most important category of ISA for the long-term development and growth of their parent firms. It is noteworthy that 52.6% of the respondents, representing 90 out of 171 sample firms, said that the most important ISA for their firms' long-term development and growth is that of the representative in the country of export. The next most observed categories of ISAs are contract manufacturing and partial acquisition regardless of the percentage of participation with 30 and 25 answers or 17.5% and 14.6% respectively. Finally, the least observed categories are international joint ventures with 16 answers or 9.5% and licensing with 10 answers or 5.8%.

Figure 7. Most important category of ISAs for the sample firms' long-term development and growth



Source: Authors' representation

Figure 8. Most important category of ISAs for the sample firms' long-term development and growth (%)

Most important category of ISAs for the sample firms'
long-term development and growth (%)



Source: Authors' representation.

3. Measures

The items used to operationalize each construct were developed based on previous literature. Trust was measured with a seven-item scale drawing from Khalid and Ali (2017), which is based on the review of prior research on inter-organizational trust (Krishnan *et al.*, 2006; Mohr and Puck 2005; Morgan and Hunt 1994; Muthusamy *et al.*, 2007; Nielsen, 2007). In order to measure internal consistency and scale reliability, the Cronbach's Alpha was computed. The grouping of the seven items resulted in a highly satisfactory value (0.887). Knowledge acquisition was measured with a ten-item scale adopted by Griffith *et al.* (2001), which is based on Lyles and Salk's (1996) method of measuring knowledge acquisition along two dimensions: local market knowledge and modern business practices. The Cronbach's Alpha for the ten-item scale grouped variables was 0.907, which is considered excellent (Bagozzi and Yi, 1989; Cronbach, 1951).

4. Results

Table 2 illustrates the Greek managers' perceptions regarding the degree of trust towards their foreign ISA partners. The seven items used to measure trust in this research reflect specific components of trust, namely, reliability (item 1), fairness (items 3, 4), good will/benevolence (items 5, 6) and overall level of trust (items 2, 7). The same components have been utilized by Dyer and Chu (2003) and Krishnan *et al.* (2006) in their measurement of inter-partner trust. We observe that the overall level of Greek partners' trust is high with the mean score of the corresponding dimension equalling 3.93 (S.D. = 0.60). In fact, the respondents consider that their foreign partners are very reliable to move their joint project forward ($M = 4.29$, $S.D. = 0.58$). Additionally, they feel secure in their ISA due to the sincerity of their foreign partners ($M = 4.01$, $S.D. = 0.74$). This high score reveals the "fairness" component of trust. Additionally, respondents feel that the relationship with their foreign partners is characterized by high levels of trust ($M = 4.09$, $S.D. = 0.75$). It is also worth noting that the lowest score is observed at the statement "In our ISA, we are confident that our partner firm will not take advantage of us" with a mean score of 3.61 ($SD = 0.97$) which is still relatively high. These results are quite promising for Greek ISAs operating in S.E. Europe since existing empirical studies have shown a strong positive impact of inter-partner trust on alliance performance (Nielsen and Nielsen, 2009; Katsikeas *et al.*, 2009; Lavie *et al.*, 2012).

Table 2. Perceived level of Greek managers' trust towards their foreign partners

	M	S.D.	Cronbach's Alpha
In our ISA, the partner firm is reliable to move our joint project forward	4.29	0.58	0.887
Based on experience in our ISA, we know that our partner can be completely trusted	3.98	0.79	
In our ISA, we feel secure with our partner firm because of its sincerity	4.01	0.74	
In our ISA, we are confident that our partner firm will not take advantage of us	3.61	0.97	
In our ISA, the partner firm is always ready and willing to offer us support beyond the alliance agreement	3.84	0.76	
In our ISA, the partner considers our firm's welfare alongside its own while making important decisions	3.71	0.82	
In our ISA, the relationship with the partner firm is characterized by high levels of trust	4.09	0.75	
Overall level of Greek partners' trust	3.93	0.60	

Source: Authors' representation.

Furthermore, Table 3 illustrates the respondents' answer to the question "to what extent have you learned from your participation in the alliance about the following". It is noted that the acquisition of knowledge by companies through their participation in ISAs is not particularly high in general ($M = 3.36$, $S.D. = 0.80$). However, it is worth noting that this result arises mostly due to the low acquisition of knowledge regarding modern business practices ($M = 2.93$, $S.D. = 1.00$) such as new manufacturing processes ($M = 2.65$, $S.D. = 1.20$) and new managerial techniques ($M = 2.85$, $S.D. = 1.16$).

On the contrary, the participation of companies in ISAs certainly results in a significant knowledge acquisition with regard to local market's operation ($M = 3.78$, $S.D. = 0.82$). Additionally, we observe that Greek managers score high in specific types of local market knowledge acquisition such as a) doing business in the local marketplace ($M = 3.94$, $S.D. = 0.95$), b) knowledge regarding the operation of the local market ($M = 3.85$, $S.D. = 0.94$) and c) consumer tastes and preferences ($M = 3.74$, $S.D. = 0.92$).

Table 3. Perceived level of Greek managers' knowledge acquisition from the ISA

	M	S.D.	Cronbach's Alpha
Consumer tastes and preferences	3.74	0.92	0.908
Consumer behaviours	3.66	0.96	
Doing business in the local marketplace	3.94	0.95	
Local norms and behaviours	3.72	1.02	
Knowledge regarding the operation of the local market	3.85	0.94	
Local Market knowledge	3.78	0.82	
New technological expertise	3.08	1.20	
New marketing expertise	2.94	1.18	
New product development techniques	3.12	1.21	
New managerial techniques	2.85	1.16	
New manufacturing processes	2.65	1.20	
Knowledge on modern business practices	2.93	1.00	
Overall Level of Greek partners' knowledge acquisition	3.36	0.80	

Source: Authors' representation.

These results are similar to the findings of Rotsios *et al.* (2019) in their study of Greek IJVs. In addition, the substantially high scores of trust and knowledge acquisition by Greek partner firms are in line with the existing alliance learning literature according to which trust is significantly positively associated with learning (Kale *et al.*, 2000; Muthusamy and White, 2005; Nielsen and Nielsen, 2009).

5. Discussion

This study focuses on Greek firms that have formed and operate international strategic alliances in the region of South East Europe. The findings show the categories of ISAs the sample firms participate in. Additionally, the results reveal the Greek managers' perceptions on i) the most important international strategic alliance category for their firm's long-term development, ii) the level of trust they have towards their foreign partners and iii) the level of knowledge acquisition from their ISA participation.

First, the large majority (72.5%) of the sample firms employ the "Representative in Country of Export" form of entry into international markets. In other words, more than 7 out of 10 Greek companies in our sample, which decide to engage in international business activities, choose the method of direct exporting via collaboration with a local representative. In addition, sample firms, including the ones with participation in more than one ISA categories, consider the "Representative in Country of Export" option as the most important international entry method for their long-term development and growth. This category of international strategic alliance involves relatively lower costs and risks compared to other forms of entry into foreign markets that involve equity investment, e.g. sales offices, international joint ventures, acquisitions and establishing wholly owned subsidiaries (Albaum *et al.*, 2016). Thus, it is reasonable to expect that it is a favourite method of foreign market export entry mode for Greek firms. Moreover, the sample characteristics which are presented in previous sections reveal that most Greek enterprises are SMEs. This is in accordance with Balios *et al.* (2016) who argue that Greek SMEs have a greater role in the country's economy in comparison to the role of SMEs in other EU economies.

Therefore, it is logical to assume that they lack the required resources and managerial expertise to pursue costlier and riskier forms of entry into global markets, such as acquisitions, international joint ventures, sales branches and wholly owned subsidiaries. The latter provides a reasonable explanation for the decision the management of Greek firms made to form a strategic alliance with a local representative in the target market. The above is also supported by Hennart's (1998) argument that ISAs are established when firms cannot obtain complementary resources in other ways (firm acquisitions or market transactions). Similarly, Kwon (2008) argues that companies establish strategic alliances in order to "complement" their resources and most importantly, to overcome their weaknesses, such as lack of necessary resources. According to researchers, the combination of complementary resources of different firms aims to better results than what firms would have achieved on their own and is considered as a key incentive for ISA creation (Ali and Larimo, 2016; Contractor and Lorange, 1988).

Second, regarding the perceptions of Greek executives on the level of trust towards their foreign partners, the findings reveal a positive attitude and the

willingness of Greek managers to build and sustain a trustful relationship with their international strategic alliance partners. Similarly, Rotsios *et al.* (2019), in their study of Greek IJVs, have shown that when firms feel they can trust their partners, they work harder and more efficiently to transfer their knowledge to their IJVs, enhancing thus, their overall success. These results can be considered as a promising indication for the potential success and performance of ISAs with at least one Greek partner since existing empirical research has shown that trust among partners positively affects ISA performance (Lane *et al.*, 2001; Nielsen, 2007; Kwon, 2008; Katsikeas *et al.*, 2009; Bener and Glaister, 2010; Lavie *et al.*, 2012).

Third, these findings can be regarded as valuable for the success of knowledge acquisition as well since, according to prior research (Rotsios *et al.*, 2018), Greek firms are more successful in transferring their knowledge to their international strategic alliances when the level of trust towards their partner is greater. Moreover, Rotsios *et al.* (2019) found that the greater the level of trust the foreign partner has towards the local IJV partner, the higher the expected benefits (e.g. knowledge of local market conditions including information on local competitors and on the local consumers' tastes and preferences) from knowledge transfer to the IJV will be. The latter is in line with our findings that Greek firms expect more benefits from the knowledge transfer to their strategic alliances when the level of trust towards their foreign partners is greater. Moreover, as far as the type of knowledge acquisition is concerned, our results show that the perception of Greek managers is that they mostly obtain knowledge on local market conditions from their ISAs, such as how to conduct business in the specific foreign market as well as on the particularities of these markets and on the local consumers' tastes and preferences. The above are in line with previous findings (Inkpen and Beamish 1997; Yan and Gray 1994) that foreign partners strive to acquire knowledge on local market conditions and not just to capitalize on the local market knowledge (Griffith *et al.*, 2001).

Greek managers believe to a less extent that they acquire knowledge on new manufacturing practices, marketing techniques and modern business practices. Overall, Greek firms which establish international strategic alliances in South East Europe appear to be mainly interested in acquiring knowledge related to the specific target markets and less to broad business-related issues, such as new manufacturing processes and managerial techniques.

Conclusions

The aim of this research is to examine trust and knowledge acquisition in International Strategic Alliances operating in South East Europe and to reach some conclusions regarding the perceptions of Greek executives and entrepreneurs on these issues. Our results reveal that Greek managers are willing to build and sustain a trustful relationship with their ISA partners, since they show a high degree of trust towards their foreign partners. Moreover, the management of Greek firms appears to

be primarily interested in acquiring knowledge related to the specific target markets and less to broad business-related issues.

The findings of our study lead us to make some useful policy recommendations both for the management of Greek firms who pursue or contemplate to pursue international collaborations as well as for the management of foreign companies who plan to work in partnership with a Greek firm. First, the most popular category of international strategic alliance for the management of Greek companies appears to be the formation of a partnership with a local representative in the export market they contemplate to enter. Thus, we recommend that the management of Greek firms should develop the knowhow for the selection of the most appropriate local representative with the needed complementary skills and competencies in order to optimize the expected benefits from the cooperation. Moreover, it is recommended that the selected local representative possesses knowledge related to market specific conditions, such as knowledge of doing business and operating in the local marketplace.

Second, trust has been highlighted as a crucial factor for achieving higher strategic alliance performance and successful knowledge transfer in ISAs. For this reason, based on our findings, we propose that executives, involved in the formation and management of ISAs, should certainly devote time, money and effort to build and sustain close personal relationships with their strategic alliance counterparts in order to establish a trustful relationship. In the same spirit, we suggest that managers with such responsibilities should evade any actions or initiatives that could be seen as suspicious, untrustworthy and threatening to the alliance. In addition, we recommend that responsible executives should select foreign partners that they consider to be reliable and sincere, as well as that they should engage in business relationships characterized by an overall high level of trust.

Concluding, the results of this study indicate that entrepreneurs and executives involved in international strategic alliances should be aware that the existence of trust among partners is particularly important for the success of the venture, both in terms of knowledge acquisition and performance. The latter is of greater importance in complex business environments, such as the one of South East Europe with its diverse cultural, historical, political and economic characteristics. Furthermore, the success of such international ventures implies financial benefits for the partner firms, which add to their equity value, thus enhancing the value that shareholders hold.

The main limitation of this study is that it includes only the perceptions of Greek executives and entrepreneurs. Chen *et al.* (2014) have noted that the one-sided approach might lead to possible bias. Hence, a similar study on the foreign partners' perspectives should also be conducted in the future. Additionally, this research is limited to a single key informant of the Greek ISA partner firm. According to Kumar *et al.* (1993), the single respondent per firm methodology is less rigorous than the multiple respondents per firm one. With regard to future studies, focused interviews with key managers in the area could be conducted in order to validate the findings

of this study. Additionally, future studies should examine this framework in other geographical contexts to provide support to the generalization of the findings. Finally, future research could also examine the impact of specific parameters on trust development among ISA partners and how trust can affect ISA performance in specific regional environments.

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