

The Impact of Foreign Partner's Senior Management Prior Experience and Commitment on Trust and Knowledge Transfer in International Strategic Alliances

NIKOLAOS SKLAVOUNOS¹, KONSTANTINOS ROTSIOS^{2,3}, YANNIS HAJIDIMITRIOU¹

¹Department of Business Administration,
University of Macedonia,
Egnatia 156, 546 36 Thessaloniki,
GREECE

²Business Division
American College of Thessaloniki,
Sevenidi St. 17, 555 35 Thessaloniki,
GREECE

³Department of Production Engineering and Management,
Democritus University of Thrace,
671 00 Xanthi,
GREECE

Abstract: - The positive effects of trust and knowledge transfer on the performance of International Strategic Alliances (ISAs) have been identified in the International Business (IB) literature. Based on elements from the Social Exchange Theory (SET) and the Resource Based View (RBV), this paper examines the impact of the foreign partner's senior management a) prior experience in the establishment and management of ISAs, and b) commitment to the alliance on the level of trust the foreign partner has towards the local partner, and the subsequent effect of partner trust on the level of the foreign partner's knowledge acquisition from its participation in the alliance. The research sample consists of 171 ISAs of Greek SMEs, formed and operating in the under-researched region of South East Europe. The empirical results are discussed in detail and managerial implications and issues for future research are presented as well. The findings of this study contribute to the relevant IB literature by verifying prior research findings regarding the role of specific antecedents of trust and its effect on international knowledge transfer and by investigating these impacts in the under-researched region of South East Europe since, to the best of the authors' knowledge, no similar research has been conducted before in this region.

Key-Words: - International Strategic Alliance, Prior Experience, Senior Management Commitment, Trust, Knowledge Transfer, Emerging Markets, South East Europe.

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1 Introduction

In the current highly competitive international business (IB) landscape, companies that do not form International Strategic Alliances (ISAs) find it increasingly difficult to maintain their competitive advantage and get access to international markets. ISAs are critical for enterprises in order to gather external knowledge and gain competitive advantage, [1]. ISAs are defined as “collaborations of two or more firms involving long-term commitment of resources that would serve strategic goals of partners based in different locations, and where the

alliance operates in a different country from the partners' headquarters”, [2].

ISAs are essential for firm survival because they provide access to critical resources for creating and preserving competitive advantage in today's volatile international business climate, [3]. The formation of ISAs is especially crucial for SMEs, which play a crucial role in the economies of countries worldwide [4], in order to acquire skills or capabilities that could be obtained if they operate alone [5]. Moreover, ISAs are an effective tool for ensuring knowledge advancement and the availability of

complementary resources, [6]. Nowadays, firms increasingly rely on external partners to supplement their resources, enhance their competitiveness, and manage environmental uncertainty, [7].

This research draws elements from the Social Exchange Theory (SET) and the Resource Based View (RBV). The target population of this study is Greek companies that have established and operate ISAs in the South East (S.E.) Europe. The purpose of this study is to answer the following research questions:

- i. Does the foreign partner's senior management prior experience in the establishment and management of ISAs affect the degree of trust they place in their local partner?
- ii. Does the foreign partner's senior management commitment to the alliance affect the degree of trust they place in their local partner?
- iii. Does the degree of trust the foreign partner's senior management places on their local partner affect the degree of the foreign partner's knowledge acquisition from its participation in the alliance?

Our research objective is, using the Greek experience, to identify important antecedents of trust development in ISAs and to further examine the effect of the foreign partner's trust on its acquisition of knowledge. To the best of our knowledge, there is very limited research on the above effects in ISAs operating in S.E. Europe.

According to prior research [8], one of the most desired external resources for every organization is knowledge. However, other authors [1] indicate that the relationship between knowledge transfer and trust has received only limited attention from IB researchers. Moreover, it is noted [9] that limited research has been conducted on the issue of knowledge transfer between SMEs. In addition, prior studies [10] emphasize the importance of pinpointing the precise factors that promote trust building among partner organizations. This long-standing gap in IB literature is our main incentive to examine the impact of specific factors on the level of trust the foreign partner has towards the local partner and the impact of trust on the degree of the foreign partner's knowledge acquisition from the ISA.

This research contributes to the IB literature in three ways. First, it verifies prior research findings regarding the positive impact of the foreign partner's senior management a) prior experience in the establishment and management of ISAs, and b) commitment to the alliance, on the degree of trust

the foreign partner places on their local partner. Second, our results verify and offer additional support to prior research findings regarding the positive impact of the degree of trust the foreign partner places on the local partner on the level of the foreign partner's knowledge acquisition from its participation in the alliance.

The third contribution involves the investigation of the role of specific antecedents of trust and their effect on international knowledge transfer in the region of S.E. Europe. We investigate the effects described previously by studying ISAs formed and operated by Greek SMEs in S.E. Europe, a region characterized as relatively unstable, with many economies with diverse historical traditions, varying cultures, unique political structures, and distinctive economic characteristics, [11]. These particular characteristics differentiate this region from others and make it interesting to research ISAs established and operating there. Our findings contribute to the IB literature, since, to the best of our knowledge, no similar research has been conducted before within this region. Existing research has focused mostly on several countries in Asia, North America, and Western and Northern Europe. Hence, we believe that our research contributes to the IB literature by providing interesting, useful, and valuable insights to the management of firms contemplating cooperating with local firms in S.E. Europe countries.

The remaining sections are organized as follows: First, a brief theoretical background of senior management's prior alliance experience and commitment to the alliance, trust, and knowledge transfer in ISAs, as well as the three research hypotheses to be tested are presented. Then, the Methodology is presented, followed by the Analysis and Results section. Next, the Discussion and the Conclusions and Managerial Implications sections are presented. The paper ends with the Limitations and Further Research section.

2 Theoretical Background and Hypotheses Development

2.1 Senior Management Prior Alliance Experience

Trust is a feeling and a set of behaviors that occur between individuals. It is critical to recognize that the willingness to invest time and effort in the establishment of trust can be linked to an individual's interactions with others and the extent to which expectations have been met, [12].

Consequently, inter-organizational trust relies on intimate interactions and the cultivation of personal connections, [13]. Thus, because ISAs entail a mix of corporate and national cultures that render inter-organizational interactions more complicated, additional knowledge and managerial competencies are necessary for ISAs, some of which can be gained through prior managerial experience in ISAs, [14]. The latter is what makes prior experience in establishing and managing ISAs crucial for their success.

According to prior research [14], successful ISAs strongly depend on collaborative experience. A partner's collaborative capacity is influenced by previous cooperative ties with other businesses, [15]. Partners who have built successful cooperative relationships in the past have acquired valuable experience and skills that assist them to overcome the challenges and difficulties that could emerge when establishing and managing new ISAs.

Additionally, prior experience with collaborations may raise the likelihood of accurately predicting a partner's behavior, thus reducing the possibility of conflict. Prior studies [16] discovered that collaborative know-how was adversely connected to mistrust of partner opportunism. Moreover, collaborative know-how aids in the resolution of future alliance crises by establishing routines for negotiations, conflict resolution, and managing alliance parent-company ties. Firms with collaborative experience, for example, may benefit from establishing routines for open communication, joint problem solving, and a mutual concern for 'win-win' outcomes, which is likely to foster feelings of procedural justice among alliance partners, thus promoting closer cooperation and mutual trust, [17]. Overall cooperation is facilitated by eliminating mistrust, reducing opportunism, and utilizing collaborative management methods, [18].

On the contrary, other researchers [19] did not find a relationship between general international joint venture (IJV) experience and trust in Greek IJVs. This result is attributed to environment-specific conditions and the concern of the foreign partners to lose their competitive edge in the IJV, which is considered a major type of ISA. The existence of conflicting empirical results is an indication that further investigation of the impact of prior alliance experience on the level of trust among partners in ISAs is necessary. Hence, it is hypothesized that:

H1: The foreign partner's senior management prior experience in the establishment and management of

ISAs will have a positive effect on the trust level the foreign partner places on its local partner.

2.2 Senior Management Commitment to the Alliance

Many researchers have studied the impact of senior management's commitment to ISAs on trust. The establishment of trust can be nurtured through the commitment of time, resources, personnel, and physical assets, which can lead to more active participation among alliance members, [20]. They also note that mutual commitment among partners lowers uncertainty and serves as the basis for their open and honest communication as they get to know each other better and gain new knowledge and skills, [20]. Moreover, the likelihood of trust creation is greatly increased when all partners believe that their senior management is equally committed to the alliance, [21]. Furthermore, mutual commitment to the alliance motivates partners to work toward the accomplishment of common goals rather than their own [22], and when partners are dedicated to the alliance, they are willing to work toward mutually agreed-upon and set aims and goals, [23]. Similarly, other authors [24] argue that commitment increases collaboration and trust among partners while decreasing opportunism. Reciprocal commitment not only generates new trust, but also strengthens the functions of existing trust in encouraging alliance adaptability and performance. High trust is maintained with ongoing reciprocal commitment, making synergies from cooperation more likely to be produced and sustained, [25].

Therefore, partners with high levels of management commitment to the ISA, will work more effectively together and explore new opportunities continuously, [26], [27]. Furthermore, they will work closely to resolve any challenges arising from their collaboration, [26]. Alliance partners need to allocate efforts and resources over time to maintain commitment, which, in turn, is critical for the development of mutual trust among partners, [28]. According to the same authors, the importance of commitment in strategic alliances has been underestimated. The above motivated us to examine how foreign partners perceive the impact of foreign partners' senior management commitment to the alliance on trust development in ISAs. As a result, we hypothesize that:

H2: The foreign partner's senior management commitment to the alliance will have a positive effect on the trust level they place in their local partner.

2.3 Trust and Knowledge Transfer

The majority of researchers have discovered that trust is a fundamental value in business, [29]. Lately, SET has been employed to focus on the examination of relationships among ISA partners and many researchers regard the existence of trust among them as a crucial element of social capital, [30], [31], [32]. For the purposes of this study, trust is defined as the willingness to depend on another ISA partner based on the expectations of the other partner's reliability, fairness, and goodwill, [33], [34], [35]. Moreover, the theoretical triangulation strategy is employed in order to propose a synthesis of SET and RBV, in line with other studies that combine elements from both theories, [36], [37], [38].

According to SET, the creation of social capital impacts favorably alliance relationships as it improves openness and accessibility broadens the scope of the relationship and facilitates mutual knowledge learning, [39]. A high level of trust and commitment in a strategic partnership promotes not only reciprocal learning but also the development of new skills and competencies, [7]. Moreover, according to RBV, strategic alliances are viewed as a way for partner firms to gain access to previously unavailable resources and collaboratively build new ones. Thus, firms' competitive position is determined by their own resource endowment. Markets are frequently inadequate and defective, making it difficult for firms to acquire the resources they need. As a result, firms decide to develop or join ISAs to fill their resource shortfall, [7]. Mutual trust promotes such collaboration by leveraging each partner's resources and knowledge, [40]. Furthermore, trust builds a foundation of intimacy, predictability, and reliability, leading involved parties to be more open and receptive to knowledge transfer, [41]. When trust is established, the recipient is more inclined to listen and be receptive to the knowledge provided by the other party, [42]. Additionally, trust promotes better cooperation between the recipient and the knowledge provider by fostering mutual understanding, which indicates that both parties will regard the interests of the other, [43]. Therefore, trust can promote knowledge transfer by i) developing unique sharing patterns to assist in learning specific information and know-how [44], and ii) increasing the general degree of information exchange between parties [45].

Moreover, in today's highly competitive global business climate, knowledge is regarded as a critical resource that leads to the creation of competitive advantage, [46]. Knowledge transfer occurs within and between organizations, network entities, and

their employees [47]. Prior studies [48] define knowledge transfer as the "migration" of knowledge from one partner to the other, either directly or indirectly, through the alliance. The success of knowledge transfer relies not just on the attributes of the knowledge itself but also on various factors, including the strength of the partnership among collaborating firms, [49]. In addition, knowledge transfer requires investing money and time, as well as social relational characteristics such as trust and commitment, and that efficient knowledge transfer is a crucial element for ISAs' longevity and performance, [50]. Moreover, trust improves the effectiveness and efficiency of knowledge transfer among SME networks, [9]. Furthermore, the growth of competitive advantage is facilitated by knowledge transfer among ISA partners, [51]. Also, trust fosters a sense of dependability and allows ISA partners to be more open to information sharing [42], while the importance of the relationship quality between ISA partners is crucial for the transfer of knowledge internationally, [52]. They also suggest that trust enhances the exchange of knowledge and facilitates effective cooperation among partners. Based on the above, it can be hypothesized that:

H3: The degree of trust the foreign partner's senior management places on their local partner will positively impact the level of knowledge acquired by the foreign partner.

3 Methodology

3.1 Data Collection and Sample

In this study, the focus is on Greek companies that have established and are currently operating ISAs in S.E. European countries, including Turkey, Albania, Romania, North Macedonia, Serbia, Bulgaria, and Cyprus, which have strong cultural, historical, and economic ties with Greece. It should be noted that the information for this study was gathered only from the Greek alliance partners. This one-sided data collection approach is in line with common practices in ISA literature, [53], [54]. The questionnaires were complicated and tailored to the specific content, requiring respondents with top-level managerial roles who directly interacted with their company's ISAs in order to provide meaningful insights. Thus, all respondents were managers from Greek firms who held significant positions within their companies, such as chief executive officers or owners. The key informant design was deemed suitable for this research,

particularly since a substantial portion of the sample companies are SMEs, as suggested by prior studies, [55].

In the early stages of its development, the questionnaire underwent pilot testing with five experienced senior executives who possessed significant expertise in establishing and managing ISAs with the aim of assessing its clarity and structure. The detailed feedback received led to revisions of the questionnaire. In addition, the revised questionnaire was subject to thorough discussions with academic experts experienced in IB research, [56]. The method of web surveys was selected as they can reach a larger audience easier, cheaper, and faster than mail surveys and they present data in real-time and in numerical form, [57]. In cases where firms were involved in multiple ISAs, respondents were instructed to focus on the alliance they considered most critical for their firm's long-term growth, as responses concerning the firm's most important collaboration could offer more valuable insights, [58]. Respondents were also asked to base their answers on the period when the survey was conducted. Subsequently, follow-up surveys were sent as reminders to those who had not responded during the initial round, with the second one taking place three weeks later and the third one six weeks later. The web-based questionnaire, along with a detailed cover letter, was distributed to 1,010 Greek companies involved in IB activities and we received in total of 171 valuable answers, resulting in a response rate of 16.9%, which surpasses the rates observed in other studies that employed similar methods, [53], [56].

The sample data revealed the presence of 171 ISAs with a Greek partner firm operating in S.E. Europe. Moreover, 131 of those Greek firms (76.6%) were involved in ISAs operating in the manufacturing sector while 40 firms (23.4%) were involved in ISAs operating in the services sector. Furthermore, 48 firms (28.1%) reported an annual turnover of over €10 million, 19 firms (11.1%) reported annual turnover between €5 and €10 million, 56 firms (32.7%) between €1 and €5 million and 48 firms (28.1%) reported annual turnover less than €1 million. Finally, the sample firms had 112 employees on average.

3.2 Measures

The constructs used to operationalize each concept were developed on the basis of existing literature. Prior experience in the establishment and management of ISAs was assessed using a five-point Likert scale in order to improve response quality and address the issue of the low response

rate, taking into account the senior management's time restrictions, [59], [60]. Senior management commitment to the alliance was also measured with a five-item construct, adapted from prior studies, [61], [62]. Drawing from prior research [63], trust was measured with a seven-item construct, which was developed by synthesizing insights from previous studies on trust among partners [33], [55], [64], [65]. To evaluate the knowledge acquired by the foreign partner, a ten-item measure was employed, a methodology originally introduced by prior research, [66]. This measure was designed based on previous studies [67] approach to measuring knowledge acquisition by the foreign partner, which considers two key dimensions: local market knowledge and contemporary business practices. Five-point Likert-type scales were used for all items because they are easier to understand and lead to higher response rates and quality, [68].

3.3 Control Variables

Initially, we accounted for variations in the industry sector, differentiating between manufacturing and service companies, in line with prior research [58], [69]. We also considered the influence of firm size by taking into account the number of full-time employees and annual turnover, as suggested by previous studies, [53], [70], [71]. The findings indicated that the control variables tested did not exhibit any statistically significant effect on the examined relationships.

More specifically, as illustrated in Table 1 (Appendix), through the non-parametric Mann-Whitney U test, it is found that there are no statistically significant differences in the average scores of the degree of foreign partner's trust ($p = 0.677$) and the degree of ISA performance ($p = 0.780$). Similar are the results regarding the differences in the average scores of the above factors based on the annual turnover ($p = 0.192$ and $p = 0.240$) as obtained from the control of differences of means using the non-parametric Kruskal-Wallis H test. Finally, there is no statistically significant Spearman linear correlation between the number of permanent administrative and labor personnel and the factors of the level of foreign partner's trust ($p = 0.287$) and ISA performance ($p = 0.578$).

4 Analysis and Results

4.1 Reliability and Validity Assessment

The Spearman linear correlation coefficient was utilized to perform correlation checks between

numerical variables. Additionally, non-parametric controls, such as Mann-Whitney U and Kruskal-Wallis H, were applied to perform controls of statistically significant differentiations. The values for composite reliability were all above the recommended minimum level of 0.60, [72].

4.2 Hypotheses Testing

Prior to the use of statistical inference tools, it is necessary to outline the distribution of data in order to ascertain the use of parametric or non-parametric statistical methods. As illustrated in Table 2 (Appendix), the normal distribution is not consistent with the Kolmogorov-Smirnov and Shapiro-Wilk regularity check methods and therefore non-parametric statistical tools are used.

To assess the impact of variables that are quantified on a numerical scale on other variables also measured using numerical scales, we employed the linear regression method with ordinary least squares (OLS). The linear regression method with OLS was applied because it efficiently captures linear relationships, provides interpretable coefficients, reduces prediction errors, and offers the necessary statistical properties when assumptions are met, [73]. The results of the OLS regression analysis reveal that H1 is confirmed (Table 3, Appendix). The corresponding coefficient β of the foreign partner's prior experience in the establishment and management of ISAs is positive and statistically significant ($\beta = 0.102$, $p = 0.036$). This suggests that as the foreign partner's senior management prior experience in the establishment and management of ISAs increases, there is a corresponding positive effect on the dependent variable, reinforcing our theoretical expectation. The fact that the observed relationship is statistically significant as the p-value associated with the coefficient ($p = 0.036$) is below the conventional threshold of 0.05, indicates that the likelihood of this relationship being due to random chance is low. The Spearman correlation coefficient of confidence and its variable is equal to 0.170 ($p = 0.027$). This positive correlation implies that there is a moderate relationship between the two variables, supporting the idea that foreign partners' prior experience in the establishment and management of ISAs contributes to higher trust levels in the management of ISAs. However, it is noteworthy that the explanatory power of the independent variable on the dependent is low ($R^2 = 0.026$), indicating that only 2.6% of the variance in the dependent variable is explained by the foreign partner's prior experience. While the relationship is statistically significant, other factors

not included in the model may also influence considerably the dependent variable.

In regards to H2, the foreign partner's senior management's stronger commitment to the alliance leads to a higher level of foreign partner's trust as the corresponding coefficient β is positive and statistically significant ($\beta = 0.305$, $p = 0.001$). The very low p-value ($p = 0.001$) is a strong indication that the observed relationship is highly unlikely to be due to random chance. This result suggests a direct and meaningful relationship between senior management's commitment and trust and supports our theoretical expectations. In addition, based on the Spearman correlation coefficient, it is noted that the foreign partner's senior management's stronger commitment is associated with a higher level of foreign partner's trust ($\rho = 0.230$, $p = 0.003$). Hence, H2 is confirmed (Table 4, Appendix), while this non-parametric measure reinforces the idea that the relationship is not only linear but also consistent across the ranks of the data. However, the explanatory power of the independent variable on the dependent is low ($R^2 = 0.068$). More specifically, only 6.8% of the variance in the foreign partner's trust can be explained by the senior management's commitment, implying that while the relationship is statistically significant, other factors probably play a more crucial role in impacting trust levels in the context of ISAs.

Moreover, the results of the OLS regression analysis reveal that H3 is also confirmed (Table 5, Appendix). The corresponding coefficient β of the foreign partner's trust is positive and statistically significant ($\beta = 0.422$, $p < 0.001$), indicating that higher levels of foreign partner's trust are associated with a significant positive impact on knowledge acquisition by the foreign partner. The fact that the p-value is less than 0.001 means that the relationship between the foreign partner's trust and knowledge acquisition by the foreign partner is highly significant and the probability of this finding occurring by chance is extremely small, reinforcing the reliability of the results. The coefficient ($\beta = 0.422$) shows a strong relationship, where an increase in trust leads to a considerable increase in knowledge acquisition by the foreign partner. The Spearman correlation coefficient of confidence and its variable is equal to 0.308 ($p < 0.001$), suggesting that trust is not only linearly related to the outcome but also consistently correlated across the data, confirming the robustness of the relationship. However, the explanatory power of the independent variable on the dependent is low ($R^2 = 0.101$), indicating that the model explains only 10.1% of the variance in the dependent variable. This low R^2

implies that while the foreign partner's trust is an important antecedent factor of knowledge acquisition, there are other factors that might also play an important role.

To sum up, the results of the OLS regression and Spearman correlation confirms that the foreign partner's senior management prior experience in the establishment and management of ISAs and stronger commitment to the ISA have a positive effect on the trust level the foreign partner places on its local partner. The results also support that a foreign partner's trust has a significant and positive impact on knowledge acquisition by the foreign partner. However, the low R^2 value implies that the model does not capture the full complexity of the factors that influence trust development. While senior management's prior experience in the establishment and management of ISAs and commitment to the ISA are important antecedent factors of trust, other variables, such as effective communication with the local partner, positive local partner reputation, or prior collaboration with the local partner [35], may also be critical in trust building among ISA partners. Similarly, the low R^2 value in H3 analysis suggests that the model does not capture the full range of factors that play an important role in successful knowledge acquisition by the foreign partner. While trust is a key determinant, other variables such as partner compatibility [38] may also play a key role in knowledge transfer success.

5 Discussion

The findings of this study reveal the Greek partner firms' perceptions regarding the impact of the senior management's prior general experience in establishing and managing ISAs as well as the impact of the senior management's commitment to the ISA on the level of trust the foreign partner has towards the local ISA partner. The study focuses on management's general ISA experience which markets value more than the partners' specific type of experience, [74]. Furthermore, the results provide meaningful insights into the effect of partner trust on the successful knowledge acquisition by the foreign partner.

First, in line with previous research [40], [75], the results confirm the positive impact of prior ISA experience on the level of trust the foreign partner has towards the local ISA partner in the case of ISAs operating in S.E. Europe. Firms with prior international collaboration experience become more competent in relationships and in dealing with foreign partners in relatively high uncertainty markets [46], such as the S.E. Europe ones. Thus, as

a result of their increased competency to understand and adapt to local partner firms' particularities, foreign firms will trust more their local partners. Interestingly, such a relationship was not confirmed by other researchers [19] for IJV partners, a specific type of ISA, who attributed their findings to the foreign partners' concern that the local partners may abuse their trust. In addition, in certain cases, foreign partners may have had negative experiences from their participation in IJVs. However, the findings of this research show the positive effect of prior alliance experience on partner trust. It appears that firms with prior ISA experience feel more comfortable in their current arrangement and, as a result, show more trust in their local partners.

Second, the findings confirm the positive impact of the foreign partner's senior management commitment to the alliance on the level of trust the foreign partner has towards the local partner in ISAs operating in S.E. Europe. The results indicate that senior management of internationalized Greek firms exhibits a favorable disposition and a sincere readiness to establish and maintain trustworthy relationships with their ISA partners in S.E. Europe markets. These findings can be viewed as an encouraging sign concerning the potential effectiveness and success of ISA operating in S.E. Europe. This is in line with previous empirical research conducted in other geographical regions, which has demonstrated that partner trust has a positive impact on the performance of ISAs, [40], [43], [55], [58], [76], [77]. Committed partners in strategic alliances will work closely to address challenges, achieve common goals, and explore new opportunities arising from their collaboration [26], [27]. Overall, our findings show the important role of senior management commitment to ISAs and indicate the need for partners to continuously work to maintain high commitment levels to the alliance, [78]. Furthermore, commitment in alliances depicts the partners' intentions to develop and maintain a long-lasting relationship [40], a factor that contributes to the improvement of the level of trust among ISA partners.

Third, our results show that the level of trust the foreign partner has towards the local ISA partner has a positive impact on the level of foreign partners' knowledge acquisition from their participation in an alliance operating in S.E. Europe. This result is in line with the findings of prior authors [38] who empirically demonstrated that a higher level of trust from the foreign partner towards the local IJV partner results in more successful knowledge transfer to the foreign partner. It also aligns with the results of prior research [41],

[20], [79] which identified a positive influence of trust on successful knowledge transfer. If alliance partners establish a strong trustful relationship among them, they should expect better results in regards to the knowledge they will acquire from their international collaboration.

The results of this study highlight the intricate relationship between the senior management's prior general experience in establishing and managing ISAs, the senior management's commitment to the ISA, and trust in the context of alliances. The confirmation that senior management's prior ISA experience and commitment both positively impact trust underscores the importance of these factors in alliance success. Furthermore, the fact that these results differ from previous findings in the context of IJVs suggests that the type of alliance and the specific regional context may have an impact on how these partnerships develop. In addition, the strong correlation between trust and knowledge acquisition further highlights the strategic value of trust development within ISAs. This implies that companies aiming to take full advantage of the benefits of their international collaborations should prioritize establishing and sustaining trust with their alliance partners.

Finally, this research contributes to the understanding of how management experience and commitment shape trust in ISAs, particularly in the context of S.E. Europe. It also emphasizes the critical role of trust in facilitating knowledge transfer, indicating that firms should continue to invest in developing strong, trust-based relationships with their international partners.

6 Conclusions and Managerial Implications

This study provides a comprehensive empirical analysis and combines theoretical perspectives and practical implications. The primary objective is to identify important antecedents of trust development in ISAs operating in S.E. Europe and to investigate how the degree of trust a foreign partner's senior management has in their local partner affects knowledge transfer to the foreign partner. The results show that the foreign partner's senior management prior experience in the establishment and management of ISAs and its commitment to the ISA, positively impact the level of the foreign partner's trust towards the local partner. In addition, the findings indicate that a higher level of trust held by the foreign toward the local ISA partner leads to

enhanced knowledge acquisition by the foreign partner.

The results of this research offer useful and valuable insights to the senior management of firms seeking to form international partnerships in S.E. Europe, as well as to the management of foreign firms contemplating cooperating with Greek firms. First, the foreign partner's senior management prior alliance experience and commitment to the ISA appear to positively affect trust development among ISA partners. Therefore, local firms should try to collaborate with foreign partner firms who have accumulated such general alliance experience and are committed and willing to actively support their alliances. Second, trust appears to be a key factor for successful knowledge acquisition by the foreign partner. In trusting relationships, partners are more willing to share their knowledge and know-how, as the perceived risk of opportunism is relatively low. Thus, it is crucial for managers of the foreign partner to invest time, funds, and energy in establishing and maintaining strong personal relations and facilitate regular interactions with managers of the local partner firm in order to strengthen the trust among them. Thus, firms need to be proactive and develop an organizational culture that promotes the above. Such trusting relationships facilitate the acquisition of knowledge by the foreign partner on important issues, such as conducting business in the local market, local norms and behaviors, and knowledge regarding the way local markets function. The above is of major importance for the ISAs' successful operations, particularly in complex environments like the markets of S.E. Europe, which are characterized by a multitude of historical, cultural, economic, and political distinctions. These emerging economies may be more unstable and volatile and ISAs operating in them may face substantial challenges more often compared to the ones operating in developed economies. Therefore, it is vital to understand that the senior management's prior general experience in establishing and managing ISAs, is more important for ISA success in emerging markets compared to developed ones.

Finally, firms can benefit from the development of specific strategies and training programs in order to improve the competencies of managers in cross-cultural communication and the development of trust. The ability of senior management to understand and adapt to local business practices can lead to a competitive advantage and long-lasting ISAs.

7 Limitations and Further Research

A limitation of this study is that it relies solely on the perspectives of Greek partner firms. The one-sided approach might result in possible bias, [1]. Therefore, it is advisable to conduct a future study that incorporates the perspectives of local partners as well. However, it is important to acknowledge that concurrently examining the perceptions of both partners would demand considerable resources [80] and a high level of access which could pose significant challenges to securing it, [81]. Another limitation is that a single key informant from the Greek ISA partner firms is applied. Prior studies [82] argue that the methodology involving a single respondent per firm is less robust compared to the approach involving multiple respondents from each firm. However, it is very challenging to gather meaningful responses on interfirm collaborations from multiple executives within a firm, as information may not be accessible to a large number of them. Thus, the single key informant methodology is predominant in prior research on collaborative agreements, [33], [39], [83].

In regards to future research objectives, the low explanatory power of the model findings indicates that further research is necessary to identify and incorporate additional variables to create a more comprehensive model for measuring the antecedent factors of trust building in the context of ISAs. Finally, future research should explore this framework in different geographical settings to validate the results more broadly and assess their overall applicability.

Declaration of Generative AI and AI-assisted Technologies in the Writing Process

The authors wrote, reviewed and edited the content as needed and they have not utilised artificial intelligence (AI) tools. The authors take full responsibility for the content of the publication.

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APPENDIX

Table 1. Control Variables

		Level of Foreign Partner's Trust		p	ISA Performance		p
		M	S.D.		M	S.D.	
Industry Sector	Manufacturing	3.92	0.61	0.677	3.96	0.59	0.780
	Services	3.96	0.58		3.96	0.69	
Annual Turnover	Up to 1 million €	3.98	0.56		4.03	0.54	
	1 to 5 million €	3.83	0.58	0.192	3.85	0.59	0.240
	5 to 10 million €	3.81	0.53		4.02	0.41	
	More than 10 million €	4.05	0.67		4.00	0.75	
		p		p	p		p
Number of Permanent Administrative and Labor Personnel		-0.082		0.287	0.043		0.578

Table 2. Kolmogorov-Smirnov and Shapiro-Wilk regularity check methods

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	D.F.	p	Statistic	D.F.	p
Level of Foreign Partner's Trust	0.099	171	<0.001	0.963	171	<0.001
Knowledge Acquisition by the Foreign Partner	0.078	171	0.044	0.980	171	0.149
Foreign Partner's Prior Experience in the Establishment and Management of ISAs	0.212	171	<0.001	0.919	171	<0.001
Foreign Partner's Senior Management Commitment to the ISA	0.116	171	<0.001	0.965	171	<0.001

Table 3. Ordinary least squares regression analysis for Hypothesis 1

Dependent variable: Level of Foreign Partner's Trust	β	t	p
Constant	3.624	23.666	<0.001
Foreign Partner's Prior Experience in the Establishment and Management of ISAs	0.102	2.109	0.036
rho (p)	0.170 (0.027)		
F (p)	4.448 (0.036)		
R ²	0.026		

Table 4. Ordinary least squares regression analysis for Hypothesis 3

Dependent variable: Level of Foreign Partner's Trust	β	t	p
Constant	2.674	7.413	<0.001
Foreign Partner's Senior Management Commitment to the ISA	0.305	3.515	0.001
rho (p)	0.230 (0.003)		
F (p)	12.357 (0.001)		
R ²	0.068		

Table 5. Ordinary least squares regression analysis for Hypothesis 3

Dependent variable: Knowledge Acquisition by the Foreign Partner	β	t	p
Constant	1.698	4.412	<0.001
Level of Foreign Partner's Trust	0.422	4.361	<0.001
rho (p)	0.308 (<0.001)		
F (p)	19.015(<0.001)		
R ²	0.101		