Impact of Trust on Building Strategic Alliances: Case of Lebanon

Alliances between organizations are becoming increasingly common as a way to add value at the marketplace. With increasingly aggressive global competition, firms in various industries need to build a continuous relationship to survive and to acquire realistic profit. In order to succeed, an alliance should be implemented through specific mechanisms. Trust has been widely acknowledged as a key social norm in governing and coordinating alliances (Anand BN, Khanna T., 2000); (Heide JB, John G., 1992); (Gulati, 1995). Many analysts treat trust as both an alliance outcome variable and a predictor of alliance success (Olk, P.M. and C. Earley, 2000). However, trust between partners is influenced by culture which was defined as a value system shared by a category of people (Hofstede, 1980). Although there is abundant literature on strategic alliances, data on the role of trust in the performance of strategic alliances. Although there is a rich litterarture on strategic alliances, researches on the role of trust in the performance of strategic alliances in Lebanon are scarce. The aim of this paper is to contribute to the development of knowledge on trust and culture and their impact on the buyer-supplier's relationship. To achieve this goal, a literature review was conducted in order to provide an original conceptualization of trust and its impact on the success of a strategic alliance. Then, an application on Lebanese companies, operating in the agri-food sector was performed.

Keywords: *trust, culture, strategic alliances, food sector and Lebanon.*

Introduction

The resource-based view (RBV) considered that firm resources and capabilities are primary determinants of firm performance (Barney, J.B., Tyler, B., 1991). Strategic alliances represent a source of key firm resources that may be used to create value that individual firms cannot create independently (Ireland, R. D., Hitt, M. A., & Vaidyanath, D., 2002). Whellen defined strategic alliance as "an agreement between firms to do business together in ways that go beyond normal company-to-company dealings, but fall short of merger or a full partnership" (Wheelen L.T. and D. Hunger, 2003). Strategic alliance is attractive in today's global environment because firms often lack the resources, such as skills, technology, capital and market access, to achieve a sustainable competitive advantage on their own. Whereas an alliance offers the means to obtain the benefits of vertical integration without the investment in physical and human resources associated with actual ownership ((Whipple, J.M. and Frankel, R., 2000) (Zineldin, M. and Jonsson, P., 2000)).

The proliferation of strategic alliances has been increasing at an amazing rate in the past two decades across all business sectors. The number of strategic alliances has almost doubled in the past 10 years and is expected to increase even more in the future.

Despite the popularity of developing alliances among firms, strategic alliances often fail, and the failure rate was reported to be as high as 70% ((Das, T.K. and Teng, B.-S, 2000) (Murray, J.Y., Kotabe, M., and Zhou, J.N., 2005)). Although the basic concept of alliances is well known, there are relatively few guidelines for implementing and developing strategic alliances. Therefore, in order to achieve the eventual success of the buyer–supplier relationship, a formal purchasing strategy development process, a supplier assessment and selection process, followed by the evaluation and selection of the type of collaborations are necessary.

A strategic alliance context presents two faces. On one hand, alliances may allow firms to maximize firm resource value by adding their own resources to the complementary resources of other firms. On the other hand, alliance partners may have an opportunistic behavior and act in their own self-interest.

In order to avoid the opportunistic behavior, trust should be built among the alliance partners. Trust is a critical element in the performance of strategic partnership. It allows organisations to lower the transaction cost associated with economic exchange for facilitating investment in a long term relationship.

However, trust between partners is influenced by culture which was defined as a value system shared by a category of people (Hofstede, 1980). Trust is derived from the German word *trost* meaning comfort. The concept of trust differs according to individual belief or a common belief among a group of individuals and this belief is embedded in the culture of an individual, group, industry, at national level and international levels.

Although there is a rich litterature on strategic alliances, researches on the role of trust on the performance of strategic alliances in Lebanon are scarce. The aim of this paper is to contribute to the development of knowledge on trust, culture and their impact on the buyer-supplier's relationship. Therefore, the following research question has been formulated: **To what extent can Trust play a role in building strategic alliances?**

To answer the research question, the paper is divided in two parts: a theoretical part and a practical part. In the theoretical part, a review of the existing literature on strategic alliance, trust and culture is analyzed then in the practical part a qualitative research is conducted in the Lebanese food-agro-sector.

Strategic Alliances: From Definition to Implementation

Strategic alliances are partnerships of two or more corporations or business units that work together to accomplish strategically significant objectives that are mutually beneficial. Much of the studies regarding strategic alliances have focused on alliances between two companies; however, there is an increasing trend towards multi company alliances.

While many researchers consider strategic alliances as modern phenomena, interorganizational linkages have existed since the origins of the firm as a production unit. Some examples include firm and entrepreneur ties to credit institutions such as banks, to trade associations, and to suppliers of raw materials such as family farms. Contemporary firms ‘networks typically include diverse organizations, such as suppliers, buyers, competitors, regulatory authorities, financial and credit institutions, that together comprise the economic organization of production (Ghoshal S., Bartlett C.A., 1990).

In a wide explanation, strategic alliances are agreements between companies that remain independent and are often in competition. Strategic alliances comprehend all relations between companies with these exceptions:

a) Transactions (acquisitions, sales, loans) based on short-term contracts (while a transaction from a multi-year agreement between a supplier and buyer could be an alliance);
b) Agreements related to activities that are not important, or not strategic for the partners, for example a multi-year agreement for a service provided (outsourcing).

With this interpretation, the field is broad. It goes from a sub-supplier contract to franchising and licensing; from R&D partnership contracts to joint venture and consortium investments, to participation in capital stock. While, according to a more restrictive interpretation, strategic alliances would be limited to long term agreements based on the transfer of resources and participation in capital stock. Agreements based on contracts would not be considered as alliances (Mockler, 1999). In any case, a strategic alliance has to contribute to the successful implementation of the strategic plan.

In addition to the above definition, strategic alliances have some typical characteristics such as:

- Defined scope and strategic objectives
- Interdependent contractual arrangements within the defined scope: two or more organizations (business units or companies) make an agreement to achieve objectives of a common interest considered as important.
- Independence of the parties outside of the defined scope of the alliance: the companies remain independent with respect to the alliance. If A and B create an alliance C, A and B remain independent both between themselves and with respect to C.
- Defined responsibilities and commitments for each party: The partners share both the advantages and control of the management of the alliance for its entire duration and at the same time, they are using their own resources and capabilities to the development of one or more areas of the alliance. This could be technology, marketing, production, R&D or other areas.
- Fixed time period in which to achieve the strategic goals.

Every alliance is different and is adapted to a specific situation. After deciding to form an alliance and with whom, the best form of collaboration needs to be established. Strategic alliances take many forms, including contractual arrangements (such as license agreements, marketing agreements, and development agreements), minority equity investments and joint ventures that are operated as separate legal entities (such as corporations, limited liability companies, or partnerships).

The simplest form of strategic alliance is a contractual arrangement. Contractual-based strategic alliances are generally short-term arrangements that are appropriate when a formal management structure is not required. Examples of contractual strategic alliances are franchising, license agreements, marketing, promotion, and distribution agreements, developments agreements, and service agreements. In this case, one or more companies decide to collaborate in one or more functions, such as marketing, R&D, production, distribution, or other functions, without starting a new, legally distinct entity. The partners set contracts or make formal agreements among themselves. They remain independent.

The franchising is an agreement in which a company (franchiser) allows another (franchisee) the right to sell its products or services. A franchising contract is set for a specific period of time. The franchisee pays a royalty to the franchiser for the buying rights. In general, the franchisee carries out a specific activity such as production, distribution or sales, while the franchiser is responsible for the brand, marketing, and often the training. Franchising is a type of alliance that offers advantages to both parties. The franchiser is offered the possibility of quickly developing sales over a wide territory, often worldwide, without having to invest serious resources. There can also be advantages of entrepreneurial motivation of the franchisee, which prefers to operate under the brand name of a large organization.

The licensing is an agreement in which a company allows another (exclusive licensing) or multiple others (non-exclusive licensing) the right to use its technology, distribution network or to manufacture its products. Licensing is based on a contract, generally stipulated for a specific period of time, in which the licensee pays a fixed amount and/or fee for the rights that are given up to it.

The most complex form of strategic alliance is a joint venture. A joint venture involves creating a separate legal entity (generally a corporation, limited liability company, or partnership) through which the business of the alliance is conducted.

In other way, joint ventures are the results of agreements based on which the partner companies remain independent and decide to create a new organization that is legally distinct. The share of participation in capital can be 50/50, 49/51, 30/70. Most joint ventures limit collaboration to specific functions. Joint ventures that cover all possible functions of a company are rare. For example, the joint venture may cover only the function of R&D excluding product development and distribution.

The information technology and life sciences companies have required minority equity investments from strategic commercial partners. This form of strategic alliance has gained increased popularity in the current economic environment. The equity investment will also be accompanied by a contractual arrangement between the parties such as a license agreement or a distribution agreement.

Strategic alliances can be considered on a spectrum ranging from informal collaboration (which is considered as social networks and hardly merits the term of strategic alliance) to group structures. Alliances allow organizations to maintain a great deal of autonomy. On the other hand, mergers and acquisitions are not considered as strategic alliances, in that they involve two or more entities that do not remain independent.

Alliances include a wide variety of goals which companies are completely or partially unable to achieve when confronting competition alone. Firms undertake strategic alliances for many reasons: to enhance their productive capacities, to enter a new market, to reduce uncertainties in their internal structures and external environments, to realize economy of scale, to reduce financial risk and share costs of research and development, to acquire competitive advantages that enables them to increase profits, or to gain future business opportunities that will allow them to command higher market values for their outputs (Webster, 1999).

In sum, alliances allow companies to pool resources in light of large costs required and to lower risk in face of large resource outlays required, technological uncertainties and/or other uncertainties

Alliance implementation concerns include the selection of governance mechanisms, increasing trust between partners, managing the integration of project staffs from different organizational cultures, and solving conflicts that arise among partners with different expectations about and contributions to their collaboration. Below, the mechanisms of governance and the management of the alliance are explained. The next section studies the role of trust in the success of an alliance.

The governance structure of the alliance is the formal contractual structure participants used to formalize. Once engaging in repeated long-term transactions, some firms prefer to use hierarchical governance forms in order to maintain the specific resources that develop during their exchanges (Haugland, 1999). Hierarchical governance mechanisms include empowering one firm’s decisions over another’s; creating a neutral body with authority and power to control specific issues; and implementing standard operating procedures within the alliance. Hierarchical controls can be an effective solution in situations of high anticipated coordination costs. As noted by Barnard, Chandler and Thompson ((Barnard, 1938), (Chandler, 1977), (Thompson, 1967)), and others, an important basis for hierarchical controls is their ability to provide superior task coordination, especially in situations involving high interdependence and coordination. As an alternative to hierarchical governance, Haugland (Haugland, 1999) proposes the relational contracting. Relational governance forms depend on different coordination mechanisms as reciprocity norms; inter organizational trust, and social capital surrounded in multiplex exchanges and social interactions.

The table below illustrates the process of a typical strategic alliance’s formation:

Table 1. *Phases of Strategic Alliances (personal elaboration from different Sources mentioned in this section)*

Step	Explanation
Strategy Development	Strategy development entails studying the alliance's feasibility, objectives and basis. It involves focusing on the major issues, determining the challenges and developing the resources' strategies for production, technology, and people. It requires aligning alliance objectives with the overall corporate strategy
Partner Assessment	Partner assessment involves analyzing a potential partner's strengths and weaknesses, creating strategies for accommodating different partners' management styles, preparing the criteria for partner selection, understanding a partner's motives for joining the alliance and addressing resource capability gaps that may exist for a partner
Contract Negotiation	Contract negotiations involves determining whether all parties have realistic objectives, forming high quality negotiating teams, defining each partner's contributions and rewards as well as protect any proprietary information, addressing termination clauses, penalties for poor performance, and highlighting the degree to which arbitration procedures are clearly stated and understood
Alliance Operation	Alliance operations involves addressing senior management's commitment, finding the level of resources devoted to the alliance, linking of budgets and resources with strategic priorities, measuring and rewarding alliance performance, and assessing the performance and results of the alliance.
Alliance Termination	Alliance termination involves winding down the alliance, for instance when its objectives have been met or cannot be met, or when a partner adjusts priorities or re-allocated resources elsewhere.

On the other hand, strategic alliances can lead to competition rather than cooperation, to loss of competitive knowledge, to conflicts resulting from incompatible cultures and objectives, and to reduced management control.

An alliance can fail for many reasons:

- failure to understand and adapt to a new style of management
- failure to learn and understand cultural differences between the organizations
- lack of commitment to succeed
- strategic goal divergence
- insufficient trust
- operational and geographical overlap
- unrealistic expectations

Successful strategies require basic trust, mutual understanding, unrestricted learning, and inter organizational knowledge sharing to achieve a high level of joint decision making at both strategic and operational levels.

Moreover, many analysts treat trust as both an alliance outcome variable and a predictor of alliance success (Olk, P.M. and C. Earley, 2000).

The Role of Trust in Strategic Alliances

Trust has been considered an essential and important factor in building strategic alliances, it has been broadly known as a key social norm in governing and coordinating alliances ((Anand BN, Khanna T., 2000) (Heide JB, John G. , 1992) (Gulati, 1995)). We define trust in another party as the belief that the other party will act in the firm's best interest in circumstances where that other party could take advantage or act opportunistically to gain at the firm's expense. There are many definitions of trust but most of them contain the elements of truthfulness and benevolence. In accordance with Ganesan (Ganesan, 1993), we operationally define trust as consisting of two dimensions: benevolence; and competence (see also (Moorman C, Zaltman G, Deshpande R, 1992)). Benevolence-based trust focuses on the motives and intentions of the alliance partners. It exists to the extent that partners in an alliance will act in a manner that shows their reliance on the partner's goodwill and avoidance of opportunism. Competence-based trust exists to the extent that partners consistently exhibit traits such as credibility and expertise. Whereas, according to Doney, Cannon and Hosmer, trust may be defined as composed of two distinct measures: dependability and benevolence (Doney P.M. and J.P. Cannon, 1997). It is important to note that dependability characterizes the reliability of a relationship partner, whereas benevolence serves as a gauge of a partner's moral values, as measured by a willingness to protect the interest and wellbeing of that partner (Hosmer, 1998).

There are two features of trust:

1) Willingness to rely on the other party when doing so involves risk. Risk of opportunism must be present to verify whether trust exists or not. As Baier (1986) indicates, a firm shows trust when it leaves itself open to harm but demonstrates confidence that the other party will not inflict it. (Baier, 1986)
2) Expectation that the other party will not act opportunistically by placing its own short-term gains over the other firm's welfare.

Trust is more important when there is lack of more tangible measures of outcomes and when process manageability is low. Perceptions of trust may also increase perceptions that the partner will be disposed to try to maximize joint gains in the relationship (Ganesan, 1994). As such, the initiating partner is also likely to rely on trust when outcome interpretability is low. Thus, when alliance processes are difficult to manage and when the outcomes of the alliance are difficult to interpret, trust between partners will be the primary basis for partner attractiveness assessment and partner selection.

Consistently with this notion, Williamson (Williamson, 1975) highlights how, when internal processes are ambiguous (i.e., process manageability is low), the potential for opportunism is higher. Parkhe (Parkhe, 1993) suggests that the presence of a prior history of cooperation between two firms increases trust and limits the perception of expected opportunistic behavior. Gulati (Gulati, 1995) suggests that 'Trust counteracts fear of opportunistic behavior . Given that trust can help overcome potential opportunism, its importance in partner attractiveness should be greater when the uncertainty in the alliance is high and the consequent risk of opportunism greater (e.g., low outcome interpretability or low process manageability).

As a result, in order to maintain current business opportunities as well as gaining new ones, firms should to be able of achieving and sustaining trust in relationships. High levels of trust are necessary to maintain successful relationships between suppliers and customers and also between supplier and distributors (Monczka R.M., Petersen K.J. Handfield, R.B. and G.L. Ragatz, 1998). Accordingly, trust plays a significant role in allowing firms to develop dependencies on suppliers. Firms face a number of pressures to increase their dependency on suppliers (Argyres, 1996). First, if a firm wants to focus on its core competencies, it must rely more on its suppliers' technological choices (Prahalad, C.K., Hamel, G., 1990). Second, products in many industries are facing increasing complexity and rapid change, demanding unfamiliar expertise that may be better left to suppliers. In any way, the firm may have to depend on some strategic suppliers to make significant product or process design decisions on its behalf. Trust is considered as one of the mechanisms that would justify and coordinate such type of relationship.

The advantages of a trust-based relationship are various. It can eliminate many of the monitoring and misunderstanding costs; it opens up inter-firm networks for innovation and developments; it can reduce product development times by removing bureaucratic delays and improve product quality providing greater value to customers additionally, it reduces cycle time within the supply chain and improves supply chain responsiveness. However, trust is reciprocal. Regardless of the buyer's trust, special benefits may not develop unless the supplier also trusts the buyer. A supplier may voluntarily offer advantages only if it trusts that the buyer will sooner or later recompense it for its efforts.

Finally, relationships depend on trust in order to function successfully and satisfactorily. Trust has also been shown to reveal a positive association with relationship satisfaction (Benton W.C. and M. Maloni, 2005), therefore stressing on the necessity of trust in building and sustaining fruitful, and long-term relationships. Trust is considered as the glue that keeps relationships together, and increases efficiency and effectiveness.

Trust and the Different Cultures

Firms would be brought into a considerably more complicated world, when shifting from local sourcing to global sourcing where cultural differences exist. Over the years, it was demonstrated that culture had significant practical implications for managers as well as significant implications for strategic alliances. Consistency, trust and its influence may be different among different cultures, and causes a great and significant challenge for cross-border alliances (Zaheer S. and A. Zaheer, 2006).

In order to understand cultural differences, researchers have identified different dimensions ((Hofstede, 1980); (Hofstede, Culture and Organizations: Software of the Mind, 1992). One of the primary dimensions by which cultures and their members can be distinguished was individualism/collectivism where it was demonstrated that this dimension had an impact on the self, values, and norms for behavior ((Hofstede, 1980); (Markus H. and S. Kitayama, 1991).

By definition, individualist cultures represent open group societies, where people consider themselves independently of others, pursuit personal goals over group goals, and move in and out of groups easily; norms stress assertiveness and confrontation in interdependent situations, while values encourage autonomy, competition, freedom, independence and achievement (Markus H. and S. Kitayama, 1991).

As for collectivist cultures, they characterize a closed group orientation, where people believe their destiny is strongly connected to others, redirect their personal goals for collective goals, and hardly move in and out of groups.

While Culture is expected to moderate the effects of performance and trust., a research conducted by Cannon et al highlighted the idea that trust was very important in establishing a buyer’s long-term orientation in the individualist cultures (USA, Anglophone Canada) and collectivist cultures (Mexico, Francophone Canada). Moreover, they supported the positive consequence that supplier performance has on a buyer’s long-term orientation towards the supplier in the individualist cultures, while questioning the relationship between supplier performance and a buyer’s long-term orientation in the collectivist cultures.

Putting things altogether, the results of this research proposed that having a good understanding of the cultural norms and values which emphasize supplier performance and/or trusting relationships can help both buyers and suppliers to develop or enhance their buyer-supplier relationship strategies, thereby increasing the chances of a relatively more successful buyer-supplier relationship (Cannon J.P., Doney P.M., Mullen M.R. and K.J. Petersen, 2010).

Additionally, when buying firms have different cultural values and related expectations, suppliers should be ready to adapt sales strategies to appropriately account for these differences. The existence of cross-cultural adaptation is essential for both of the partners in order to create winning cross-culture alliances. The partners come up to a decision whether to trust or distrust the other party based upon the understanding of the behaviors of the other party.

Practical Part: Application on the Lebanese Food sector

In order to study the role of trust in strategic alliances, we selected a case with foreign partners from countries with different cultural backgrounds. The case study method is widely used in the field of management and organizational studies.

Methodology of the Research

In this section, we are interested in presenting the research methodology. The research goal or the problematic answers the question "what am I looking for? ". It is therefore an essential and central question in relation to the chosen subject. In this project, our research question, referred to in the General Introduction, can be stated as follows: **To what extent can Trust play a role in building strategic alliances?**

To answer this question, we have adopted a qualitative method. Semi-structured interviews are the main means used in this research to collect data. After completing each interview, the researcher began by transcribing the interview and summarizing the relevant information from the interview. Transcribing is considered as a microanalysis of data. The purpose of this analysis is to organize information collected during the interview when the memory is fresh. Then the collected data is analyzed through coding. The purpose of coding is to rearrange and reorganize the data into categories which facilitates the analysis.

The Lebanese agri-food sector is the focus of the study. We selected this sector because it is considered among the most important industries in Lebanon. There are above **4,700 industrial firms** in Lebanon with **26% or 1,245 industries manufacturing agri-food products**, followed by construction materials (12%) and chemical products (8%).

The agri-food sector is a major contributor to Lebanon’s industrial sector growth and is expected to continue to play a major role in the economy, driven by government support and private sector initiatives to boost its competitiveness. In 2018, the agri-food sector was the largest contributor to the industrial sector output accounting for 38% of industrial output and generating 2.9% of the country’s GDP.

The major industries in the country are banking, tourism, food processing, jewelry, cement, textiles, mineral and chemical products, wood and furniture products, and metal fabrication. In general, The Lebanese economy is service-oriented; the main growth sectors include banking and tourism. The industrial sector occupies the second rank in the Lebanese economy before the agriculture sector. In spite of having survived many years of difficulties due to prolonged conflict, the industrial sector in Lebanon still faces significant challenges. The economic development of Lebanon heavily relies on this sector for employment and wealth creation.

As we said before the food products and beverages sector represents 26% of the industrial economic activity. The food industry in Lebanon is highly fragmented into small enterprises in the absence of a legal framework and thus some of the industries can operate informally without official permits (without taking an official approval to function from the Lebanese government). Aside from a lack of governmental control, hurdles for the industry are many and include the nonexistence of marketing regulations and competition of low-cost imports from neighboring countries.

In order to set up the sample for the qualitative research, different companies in various areas of the food and beverage industry were contacted but there were only four written replies to the letters that were sent to the managers and directors of the companies. Accordingly, we took four companies to study. Consequently, four Lebanese managers from these companies constitute the sample for the qualitative research. The number of the companies in study is small which can be considered as a limit for the study; however, fortunately, selected the companies are considered among the biggest companies in Lebanon in this sector based on their size, distribution channels, capital, etc. Future research would take into consideration more companies and different industries.

Accordingly, in the present study, the main questions of the interviews focused on getting a clear picture of the roles played by trust in implementing strategic alliances in the Lebanese food industry, and, additionally, analyzing trust within the different cultures.

For collecting the data, semi-structured interviews were used. The number of questions was 12 addressing different issues: the structure of the companies; the barriers that Lebanese companies are facing; how Lebanese companies create trust relationships with the supermarkets and the customers within the Lebanese markets and outside of them if so; the cultural factors affecting the relationship between partners, the building and maintaining of trust between foreign suppliers and Lebanese customers coming as they often do from very different cultures. All the questions are open in order to let the interviewees express with independence their opinion in relation to the topic and to get consistent information on the topic which enriches the research.

Each company was given a written insurance of confidentiality and participants were assured that the names of their companies would not be used in the publication of the results. The answers to the questions were recorded and analyzed deeply.

Findings and Results

The figure below presents the four companies in study.

Table 2. *The Characteristics of the Companies in Study*

Company	A	B	C	D
Size	Large (215 employees, $3-4 million as turnover)	Large (400 employees, $20-25 million as turnover)	Medium (38 employees, up to $1 million as turnover)	Large (178 employees, $ 6-8 million as turnover)
Geographical Distribution of the Product	All Lebanese shops, and around 38 countries around the globe	All Lebanese shops in Syria and Iraq	Bekaa Valley and some shops in the capital city only	All Lebanese shops and around 35 countries around the globe
Age	1978	1977	1970	1943
Concentration of the Distribution	Big Distributors (in each country) and direct distributors in Lebanon	Big Distributors in Syria and Iraq (In Lebanon the Company distributes directly)	Small Distributors in the capital city	Big Distributors (in each country) and direct distributors in Lebanon
Concentration of the Supply	Big Suppliers (From overseas and local)	Big Suppliers (From overseas and local)	Big Suppliers (From overseas and local)	Big Suppliers (From overseas and local)

It was shown from the conducted interview, that all participants considered the Lebanese culture as individualistic; most of the companies which have different suppliers and distributors around the globe face some delays in exporting and importing items and products at the Lebanese Port and across the borders where bribery (which is considered as something normal in Lebanon) takes place, in order to speed up the process of sending the products outside and also get the approval from the Lebanese government after the employees check the products before hand.

Regarding the Lebanese market, all the companies have reciprocal trust with their partners. They trust that they have a very good reputation, use the best quality, best vegetables and best prices offered in the local marketplace. They emphasize on the deal and deliverables in order to be on time, and fulfill the needs, wants and demands of the Lebanese marketplaces. Moreover, from time to time, Company A visits and checks the places where their products exist by using some undercover supervisors to keep a constant surveillance on the quality and expiry dates of the products, in order to keep the customers satisfied and achieve a top position in the marketplace. They focus on the ethical practices especially as it aims to achieve a sustainable position in the marketplace in terms of performance, customer satisfaction and reputation.

In Lebanon, people share a common culture, but nonetheless there are some differences when defining culture between the different group of people in different Lebanese cities and towns. Christians and Muslims have different definitions in practice but the same definition in theory; for the Christians and Muslims, their culture talks about honesty, loyalty, respect and dignity; however, Christians are more hard to deal with, they want to negotiate in any step until paying the entire bill; whereas Muslim are very influenced by religion in the negotiation.

To build strategic alliances with local partners is very hard in Lebanon, because, unfortunately, it is within the Lebanese culture that people don't respect time and deadlines. The question is to select the right partner and this, of course, can only be achieved after years of experience. For this reason, companies A and D don't have any intention to plan for a strategic relationship with local suppliers; but they will keep improving their performance to keep a sustainable competitive advantage in the Lebanese market. While Companies B and C are focusing more on building a strategic relation with local supplier since they don't have the potential for international alliances. Moreover, company D is seeking forward integration by implementation alliances with local customers which will constitute a good outlet for its production.

Company D is the oldest one but this doesn't mean the bigger. A is considered to be the first one in Lebanon under some criteria.

In general, in the local market, it is easier to build trust since the companies are able to understand the culture and work towards maintaining customer retention and also to achieve best performance. However, when it comes to the foreign market, building trust is not easy. Nevertheless, A and D have a good level of trust with their foreign suppliers who provide all kinds of materials, like plastic, glass, liquid, chemicals, cardboard, etc. and with loyal customers in more than 35 countries around the globe. They continuously try to understand and adapt to the cultures of their customers, since it is in their interest to deal with foreign customers who buy in large quantities compared to the Lebanese buyers who only buy in small quantities. Lebanon is a small country; the Lebanese market is rapidly saturated so the foreign market would be a solution.

In sum, A is the leader in the food sector and D is the oldest company in this industry. The two companies deal with different partners from different cultures; however, after 40 years of presence in the international market, the companies have a very good experience how to approach, deal with, communicate and build a strong relationship with foreign partners leading to a better performance in the development of sustained alliances. Whereas B and C are facing problems in the foreign market, they have to better understand the culture of the partner. They need to acquire trust in order to build strategic alliances. B has some activities out of the country, all of them in the region (Arabic countries) which has a very close culture. This can't allow the company to extend its activities in the international market without a deep study and analysis of the culture of the country the company intends to deal with.

Historical business relationships between partners mitigate cultural differences, enhance trust and improve performance.

All of the four companies are obliged to deal with foreign suppliers because the local market can't provide all the raw material. So even though company C doesn't have any distribution in the foreign market, it has maintained some kind of relation with foreign suppliers. The company has been dealing with these suppliers for a long period of time, and also intends to continue and improve this relationship in the future.

In this sector, the supplier plays a crucial role: in order to assure good quality and taste, we need to have good raw material. Partnership with foreign suppliers constitutes an added value for this industry. They inform the companies of any news in technology and material to keep them updated and allow them to improve their products.

Before concluding, it is important to add that in a country like Lebanon, suffering for years of civil wars and different economic crisises, building trust with foreign partners is not a simple issue. The situation in Lebanon constitutes an obstacle for Lebanese companies. Consequently, companies in Lebanon are living continuous conflict and facing sharp challenges to create their own identity and reputation.

Conclusion and Recommendations

The paper first proposed a review of the literature for a better understanding of the role of trust in the success of strategic alliances. It reviewed strategic alliances from definition to implementation and highlighted the impact of trust and culture in the performance of strategic alliances.

The benefits of inter-firm trust include reducing transaction cost, gaining full cooperation and transferring resources between partners, reducing the degree of formal contract, facilitating dispute resolution and improving alliances performance.

However, lack of trust is common in the business world, lack of trust is viewed as a reason of alliance's failure and it is attributed to cultural, economic and institutional differences across countries.

The empirical findings were gathered through interviews conducted in four Lebanese companies in the agro-food sector. The findings were in line with the literature review since trust between partners has been identified as an important component in order to implement and sustain strategic alliances. When partners do not trust each other, they hold back information or take unfair advantage of each other if given the opportunity. If this happens the alliances rarely produce all the possible mutual benefits from cooperation. The exchange of information and scientific knowledge necessary for developing new technologies may never take place.

Despite the originality of the study especially in Lebanon, some limitations were inevitable. First, the number of the companies in study is limited so the generalizability of the findings is limited. Future research must cover more sectors and more companies. Second, the study required sensitive data about alliances. Due to the sensitivity of the sybject, the issue of obtaining access to this data constituted a real obstacle. The interviewees did not give all the answers especially when it comes to numbers. Third, the lack of literature on trust and strategic alliances in the developing countries is a real obstacle. We relied on western publications which can't totally reflect the situation in developing countries.

On the basis of the above discussion, it is confirmed that trust plays a vital role through the different phases of the alliance's formation.

In spite of the fact that a strategic alliance is attractive in today's global environment, it is not easy to create, develop, implement and support an alliance. Even though many firms enter into some kind of inter-organizational relationship, few firms succeed eventually. One of the most cited reasons for alliance failure is the incompatibility of partners. The choice of the right partner and right type of collaboration can yield important competitive benefits that lead to the success of the relationship, whereas the failure to establish compatible objectives, or to communicate effectively, can lead to detrimental problems (Dacin, M.T. and Hitt, A.M., 1997).

For this reason, future research should highlight the selection of partner as a condition to strategic alliances' success. Although the literatures on partner selection methods and the reviews of the different forms of inter-firm links are rich, there are very few mathematical models for evaluating the forms of relationship that is most appropriate for a firm to enter into with its partner. These models must take into consideration the following criteria: profitability, quality, flexibility, delivery, access to market, technical capability, the cost of the relationship and the impact of the relationship.

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