Chapter VIII

Trust in Technology Partnerships

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ABSTRACT

In this chapter the concept and phenomenon of trust with special focus on technology partnership formation is explored. Complementary partnerships are believed to be a key element both in knowledge creation for technological development itself and in leveraging the value of technological knowledge. Knowledge creation is social in nature, and social exchange is a core process in knowledge creation, where voluntary communication based on trust is critical. The aim of this chapter is to increase the understanding of trust both as a concept and as a phenomenon. The conceptualization of trust is derived basically from the literature and developed further by data from an empirical study by Blomqvist (2002) on trust in asymmetric technology partnerships. On the basis of these analyses a four-dimensional conceptualization of trust is formed. Trust is an actor’s expectation on the other party’s capability, goodwill and self-
reference, which needs to be confirmed by experience. Thus trust is increased by — and decreased by the lack of — these components in parties’ actual behavior and communication. The authors show also some operative methods for building trust.

**INTRODUCTION**

Today’s dynamic modes of competition, stemming from globalization and the development of new technologies and innovations, are no longer adequately explained by traditional organizational and managerial theories (e.g., Eisenhardt & Tabrizi, 1995; Sanchez, 1997; Sanchez & Heene, 1997). Knowledge intensive businesses are characterized by flexibility and decentralization and networking of organizations, and their competitiveness fundamentally depends on their capacity to generate, process and apply information and knowledge. The core activities of production, consumption and circulation of knowledge are organized on a global scale, either directly or indirectly through a network of linkages between economic agents. Each added connection to a network’s pool of knowledge multiplies the value of the whole. This results in new rules of competition and new sorts of organizations, partnerships and alliances. In this kind of dynamic business environment, the level of complexity and turbulence is very high. The dynamic environment is characterized by networked organizations, rapid and ample flow of information, as well as high expertise (Ståhle & Grönroos, 2000; Blomqvist, 2002; Ståhle & Hong, 2002). Global knowledge-based competition becomes increasingly a learning race, since specialized knowledge is a primary source for value and profit, and the ability to also leverage external knowledge and resources through inter-organizational cooperation and partnerships becomes critical (Powell, 1998).

Complementary partnerships are believed to be a key element both in knowledge creation for technological development, itself, and in leveraging the value of technological knowledge (see e.g., Ford, 1998). If similar kind of organizations join their forces, they may be able to reach a wider scale. But, in order to innovate and create new knowledge, the fusion of different kinds of knowledge is needed. Technology partnerships are valuable both in knowledge creation for technological development and in extracting value from the development. Complementary companies are able to focus on their core competencies and simultaneously leverage external knowledge and resources to complement their knowledge and resource base. Potentially, the focus on core competencies enables relatively stronger competitiveness (cumulative
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