Full Length Research Paper

The dyadic effect of leadership and conflict management on trust in the context of life insurance companies in Taiwan

Hui-Chin Chu, Yi-Feng Yang* and Ching-Yaw Chen

Shu-Te University, Taiwan.

In this study, we discuss the main and dyadic (interconnected) effects of transformational leadership, organizational conflict management on organizational trust in the life insurance industry. We analyze two samples (sales managers and sales employees) and carry out an empirical study using a multiple interaction regression approach to obtain significant results. We compare the dyadic effect with the main effects taking an overall view of leadership-trust linkage. Our main conclusion is that we consistently find an important contribution for the main effects of transformational leadership and organizational conflict management on organizational trust while the dyadic effect plays an interactive role that also helps enhance and uplift the leadership-trust relationship. This is important information for life insurance firms which need to build successful organizational trust associations via strategic alliance implementation, especially to adapt to an ever-changing alliance relationship.

Key words: Transformational leadership, organizational conflict management, organizational trust, strategic alliance implementation.

INTRODUCTION

Economic globalization has shortened the life cycle of products and services. This along with limited capital and increased advances in technology has led to new survival strategies. For example, Ohmae (1989) proposed the use of the strategic alliance as a means for organizations to cope with radical changes as well as facilitate technological exchange, industrial centralization, changes in scales of economy and the reduction of related risks. In contrast to the single company strategy, companies that are allied with other organizations have a greater opportunity to succeed because of having access to wider experience which can reduce the number of mistakes generated from the trial and error method. Strategic alliances can help a business to gain a competitive advantage by having access to the resources of the partner organization (that is, market share, technology, capital, even employees). As a result, the strategic

alliance has become a common way for organizations to gain competitiveness (Argyres and Mayer, 2007; Das and Teng, 2000a; Ritala and Ellonen, 2010).

Organizational trust is likely to be part of an effective approach to strategic alliance implementation when individuals are aware of the necessity of successful strategic alliance implementation. Organizational trust relationship needs to be emphasized because of the large contribution of employee interaction even during the planning stage of strategic alliance implementation. This is the logical reason why Lewis (1992) noted the failures which are caused by unsolved problems, lack of mutual understanding and disappointing relationships resulted in a relationship of distrust among organizational members. Based on these discussions, some earlier insights have definitely highlighted the objective of the study (Blatt, 2009; Brower et al., 2009; Menguc and Auh, 2008; Osborn and Marion, 2009; Ritala and Ellonen, 2010). For example, Brower et al. (2009) reported two meta-analyses which found that organizational trust is positively associated with job performance but negatively related to turnover (Colquitt et al., 2007; Dirks and Ferrin, 2002). In

*Corresponding author. E-mail: yifeng@edu.tw. Tel: +886-7-6173742. Fax: +886-7-6158000-4799.

addition, organizational trust has been suggested to have influences on processes such as interactive relationships (Ping, 2008), productivity and performance (Dirks and Ferrin, 2002), effective communication (Burke et al., 2007), organizational functioning (Schoorman et al., 2007), successful negotiations (Dyer and Chu, 2003), leadership (Burke et al., 2007; Gill et al., 2005; Gillespie and Mann, 2004), team effectiveness (Costa et al., 2001), entrepreneurial acquisitions (Graebner, 2009), management (Gill et al., 2005), contracts (Dyer and Chu, 2003), marketing effectiveness (Harisalo et al., 2005), satisfaction with the leader (Gillespie and Mann, 2004), and decreased turnover (Connell et al., 2003).

To achieve strategic alliance implementation, some earlier studies concluded that both transformational leadership and organizational conflict management are very important since these two can help enhance the interaction relationship among organizational members. For example, many researchers conclude that leaders can lead followers to perform beyond their level of expectations (Bass, 1985; 2003; Podsakoff et al., 1990, 1996; Yukl, 2010). The transformational leader recognizes when organizational change is needed (Kotter, 1996), and can facilitate positive employee reaction to change when "adaptation is the goal" (Pawar and Eastman, 1997) in response to "non-routine situations" (Bass, 1985). Thus, it is not difficult to conclude that transformational leadership is most likely to enhance organizational trust for strategic alliance implementation. Conflict management is an aspect of interdepartmental dynamics (Jaworski and Kohli, 1993). Interdepartmental conflict and tension among departments could negatively affect organizational performance and lead to incom- patibility between actual and desired responses (Gaski, 1984). Several studies suggest that organizational conflict management facilitates interaction and the exchange of information, as well as the actual utilization of that information (Deshpande and Zaltman, 1982). Therefore, it can be expected that the better the direct connection/ networking of employees across departments, the better information exchange will be (Kohli and Jaworski, 1990), thereby facilitating better organizational trust in turn leading to successful strategic alliance implementation. Three research objectives are made based on suggestions drawn from the existing literature: 1. Explore the effect of transformational leadership on organizational trust for strategic alliance implementation; 2. Explore the effect of organizational conflict management on organizational trust for strategic alliance implementation; 3. Explore the dyadic effect between transformational leadership and organizational conflict management on organizational trust for strategic alliance implementation.

We first formulate some hypotheses and a study framework which are then applied in a case study of Cathay, Nan Shan, Shin Kong and MassMutual Mercuries Life, all large life insurance companies in Taiwan. This study gives significant new findings of the main effects of both transformational leadership and organizational conflict management on organizational trust for strategic alliance implementation. We explore the dyadic effect of these two roles on organizational trust in this setting, as well as on leadership enhancement. The new insights into the leadership-trust assessment expand our understanding of the leadership's influence on the main and dyadic effects. The results should lead to a better understanding of the process of transformational leadership and the outcome of strategic alliance implementation. This is necessarily an extension of prior studies which examined the role of transformational leadership in encouraging sales employees' psychological attachment to better organizational trust (Bass, 1985; Bass et al., 2003; Podsakoff et al., 1990; Podsakoff et al., 1996; Yukl, 2010). Finally, we utilize a multiple interaction regression approach (Baron and Kenny, 1986; Podsakoff et al., 1995; Preacher and Hayes, 2008) to structural equation modeling to assess the major issues already addressed.

THEORETICAL BACKGROUNG AND DEVELOPMENT

Globalization involves cultural and social interaction as well as connections, political inter-reliance, and the integration of the economy, finances and the market (Eden and Lenway, 2001; Molle, 2002; Orozco, 2002; Giddens, 1990). It has also helped to make the formation of alliances a major strategy for obtaining customer satisfaction and continued competitiveness. It can be safely assumed that it would be more difficult for an organization to stay competitive if it did not form an alliance with another organization (Webster, 1992; Ohmae, 1989). To ensure marketing effectiveness, a company needs to coordinate their value chain, which includes customers, partners and other related groups. Webster (1992) noted that cooperation among different organizations is a crucial element for competing in the global marketplace. Other researchers have suggested that cooperating or forming strategic alliances with other organizations can lead to other advantages (Ireland et al., 2002; Shrader, 2001; White, 2000). Organizational trust is one of the most important factors that contribute to the success during strategic alliance implementation. Trust can be directly related to the length of an alliance and continued expectations that are directly related to the alliance behaviors (Cullen et al., 1995). Williams et al. (1998) explained that the trust in an allied relationship can be used as an indicator for cooperation in long term business relationships in international organizations. The success of a relationship has to be considered as depending on long term organizational trust during strategic alliance implementation because it does have a positive impact on profitability.

Other studies have found that a leader who is admired, respected and trusted by his/her subordinates   is   more

likely to accomplish beyond expectations (Bass, 1985; Bass et al., 2003; Podsakoff et al., 1990, 1996; Yukl, 2010). A leader who possesses a transformational leadership style should be able to strengthen organizational awareness by inspiring employees with higher ideals and values during the process of change in an organization (Bass, 1990). Transformational leaders are usually charismatic, demonstrating personal interest and intellectual inspiration to their subordinates, encouraging them to place the benefits to the organization over their own individual interests. Transformational leaders start by developing a vision, which often leads to the obtainment of higher level goals. There are four constructs for a transformational leader: (1) Idealized influence: Providing a role model for ethical behavior, instilling pride, gaining respect and trust; setting a vision of higher goals for encouraging and motivating subordinates to place organizational benefits above individual interests; (2) Inspirational motivation: Articulating a vision that is appealing and inspiring, challenging followers to have higher standards, communicating optimism about future goals and providing meaning; (3) Intellectual stimulation: Challenging assumptions, taking risks and soliciting ideas from their subordinates; encouraging and stimulating creativity, developing and nurturing the capacity of their followers to think independently, viewing learning as a value and unexpected situations as opportunities to learn; (4) Individualized consideration: Attending to the needs of their subordinates and acting as a mentor or coach by listening to an individual's concerns or needs, providing empathy and support, keeping communication channels open and placing challenges before the followers. This also encompasses the need for respect and celebrating an individual's contribution so that each employee's feels as though they are a part of the team as well as inspiring a follower to strive for self development through the intrinsic motivation of their tasks.

Main effect

Transformational leadership not only can shape the vision and core values of an organization, but also assist in transforming an employee's positive opinions into achievable goals, such as implementation of a strategic alliance. With shared and internalized goals and vision, team members are more willing to identify themselves with the leader and the organization, and feel confident in their accomplishments and contributions (Wang et al., 2005). Team members are able to understand that they are doing their jobs effectively, making efforts to ensure success of the organization, which increases their feelings of personal success. This also helps to build and increase organizational trust, which leads to greater achievement for the organization and instills a higher level of organizational trust (Collins and Smith, 2008; Colbert et al., 2008). Transformational leaders are keenly aware of

timing and the need for change. The leader will take responsibility for facilitating the necessary changes (Bass, 1985; Bass et al., 2003; Podsakoff et al., 1990, 1996; Yukl, 2010). This type of leader will also have a positive impact on the level of employee performance, satisfaction and work effort (Howell and Frost, 1989; Bass, 1990; Smith et al., 1983). It is indicated in the current literature that a transformational leadership can have positive and significant effects on organizational trust (Pillai et al., 1999). Thus transformational leadership seems to be the key for successful strategic alliance implementation. The transformational leadership behaviors are considered to be the best approach for creating mutual trust among organization members. The theoretical framework developed for this study is illustrated in Figure 1. These factors can be summarized in the following hypothesis:

H$_1$(a): In a strategic alliance context, transformational leadership has a positive effect on organizational trust for strategic alliance implementation.

Conflict often arises from perceived incompatibilities that result from interference, or opposition. Organizational conflict management has been defined as the employment of strategies to correct perceived differences in a positive manner. Interdepartmental conflicts often create tension, which have a negative impact on the overall effectiveness of an organization and can lead to negative reactions from employees (Gaski, 1984). Traditionally, conflicts have been viewed as a negative force because they are destructive and can lead to a decrease in productivity (Gaski, 1984). The manager's job should be to eliminate or reduce conflicts. Unfortunately, they are inevitable in most organizations; they can be functional, or dysfunctional. A dysfunctional conflict can lead to decreased productivity, or poor performance. Functional conflicts may encourage greater work efforts and help to improve task performance. Jaworski and Kohli (1993) described organizational conflict management as a dynamic force between the departments of an organiza tion. Any disconnection of informational flow among intra-and inter-departments can be viewed as a form of organizational conflict that may need to be controlled by management. Research indicates that a certain amount of conflict is natural and inevitable, and can be a force for positive change for the organization and for the involved individuals. Results also indicate that interdepartmental connections can help to facilitate the exchange and integration of information (Deshpande and Zaltman, 1982; Cronbach and Associates, 1981; Patton, 1978).

Most of the time connections between departments can be predicted. So, when an organization has better communication between departments there is already a network inside the organization and information will be exchanged faster. This can help to produce a higher level of employee communication inside the organization (Jaworski and Kohli, 1993). Conflict management within
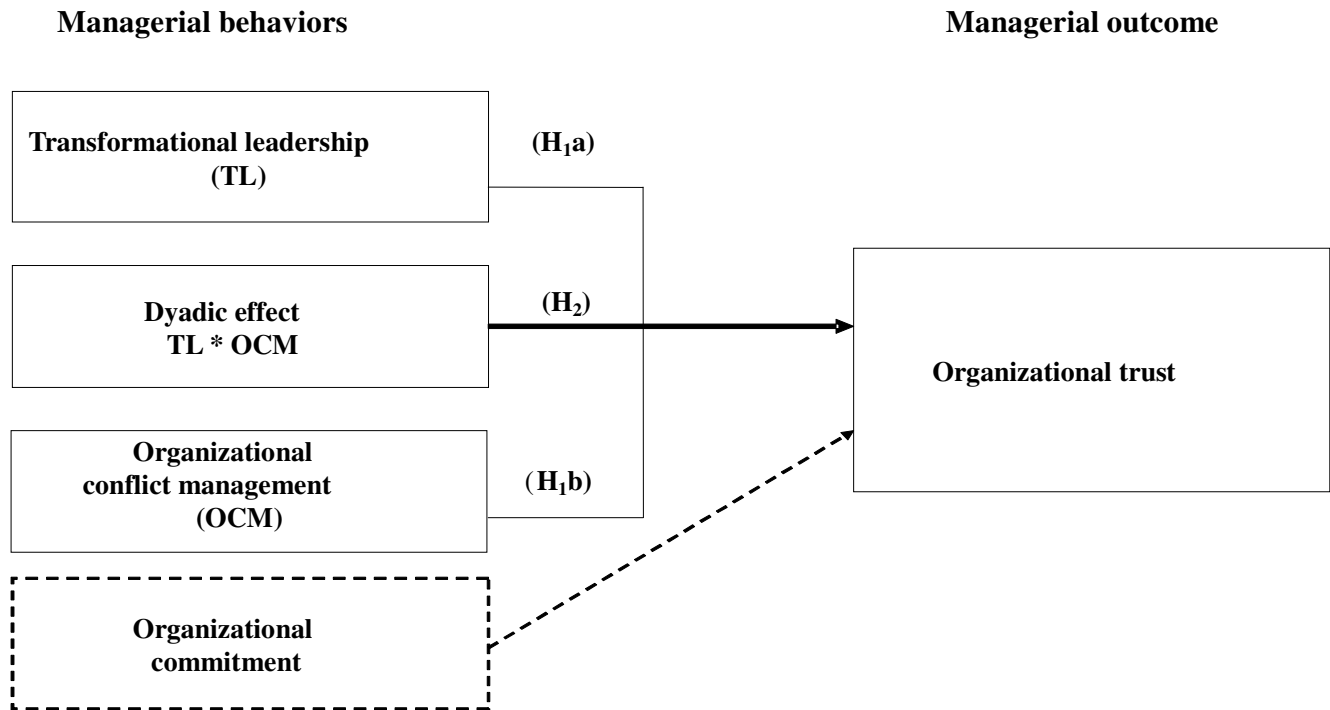
Managerial behaviors   **Managerial outcome**

```
┌─────────────────────────────┐
│  Transformational leadership │   (H₁a)
│            (TL)             │
└─────────────────────────────┘

┌─────────────────────────────┐                    ┌──────────────────────────┐
│       Dyadic effect         │   (H₂)             │                          │
│        TL * OCM             │ ──────────────────▶│  Organizational trust    │
└─────────────────────────────┘                    │                          │
                                                   └──────────────────────────┘
┌─────────────────────────────┐
│      Organizational          │   (H₁b)
│    conflict management       │
│          (OCM)              │
└─────────────────────────────┘

┌ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ┐
    Organizational
    commitment
└ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ─ ┘
```

Figure 1. Research model of theoretical relationships.

an organization can assist in establishing resolution procedures. It can also help to clarify the characteristics and nature of the working relationships between employees. This helps to eliminate or remove obstacles to communication that might not be defined as interdependent or beneficial to the overall mission shared by employees. It may also be necessary to determine what resources need to be shared and how to alleviate the problems through clarification and adopting actions that can help to solve problems. A theoretical model is developed based on these insights as shown in Figure 1. This leads to the development of the second hypothesis, that organizational conflict management can reduce the tension of interdepartmental conflicts and help to increase organizational trust for strategic alliance implementation.

H₁(b): In a strategic alliance context, organizational conflict management has a positive impact on organizational trust for strategic alliance implementation.

Dyadic effect

Many prior insights argued that organizational trust is a major factor in building a successful strategic alliance. For example, Kanter (1994) and Johnson et al. (1996) found that organizational trust has a significant impact on the success of strategic alliance implementation; Thorelli (1986) explained that mutual trust relationships among organizational members are more important than legal

contracts or agreements and that successful strategic alliance implementation can be reached when organizational trust results from continuous positive experiences during the allying process (Cullen et al., 1995; Gulati, 1995); Gulati (1995) argued that a trust relationship significantly enhances organizational cooperation. Both transformational leadership and organizational conflict management have an effect on organizational trust for strategic alliance implementation. The interaction between these two approaches can help to create a better outcome. The inference of interactive outcomes did seem to indicate that organizational conflict management and transformational leadership was plausible. However, if they are interdependent when the interactions occur, then this should be viewed as a dyadic effect. The dyadic effect formed by the interaction could lead to the relationships of cooperation, coordination and integration. So, it is possible that when transformational leadership tries to deal with conflict management, this dyadic process could actually act as a complementary. This could also have a positive effect on organizational trust for strategic alliance implementation. Based on the aforementioned we formulate the following hypothesis:

H₂: In a strategic alliance context, there is a positive dyadic effect (transformational leadership *organizational conflict management) related to organizational trust for strategic alliance implementation. In other words, the interaction between transformational leadership and organizational conflict management improves the level of

organizational trust.

METHODOLOGY AND RESEARCH DESIGN

Sample and data collection

The aging populations in this globalization have led to enlarged life insurance spending. For example, in 2007, the spending and percentages of the total worldwide was about 940.6 (42.57%), 601.8 (27.24%), 601.8 (27.24%), 35.5 (1.61%) and 29.2 (1.32%) billion US$ in Europe, Asia, America, Africa and Oceania, respectively (Swiss Reinsurance Company, 2007). Since life insurance spending in Taiwan was the one of the top three in the world in 2005 and 2007 (11.17 and 11.60%, respectively) in terms of gross domestic product (GDP), we propose the samples are drawn from Taiwanese context. We also propose some hypotheses and a study framework that are then applied in a case study of Cathay, Nan Shan, Shin Kong and MassMutual Mercuries Life, all large life insurance companies in Taiwan. These large companies are selected for study since they generally have greater need of transformational leadership to inspire sales employee interdependence, cooperation and collaboration, and to facilitate organizational trust when dealing with their strategic alliance implementation. We specifically look at transformational leadership, organizational conflict management, and their dyadic effect on organizational trust for strategic alliance implementation in this setting. The concept of organizational trust is utilized for this study because the sales service systems of life insurance companies must rely on internal sales transformational leadership sources. Organizational trust is affected not only by effective transformational leadership, but also by the leaders' abilities to facilitate conflict management unifying the whole organization where a higher level of organizational trust to strategic alliance implementation is most likely to occur. Thus, we focus on the influence of transformational leadership, rather than considering inter-company differences.

Since the scales of this study were derived from previous studies in western countries and the samples came from Taiwanese context, this study did pilot study before conducting formal survey (30/40 to the sales managers/sales employees of these four companies), confirming that the questionnaire had no semantic problem. The initial connection was made with the participants either by introduction or phone call to explain the study aim. Data collected for the study was divided into two samples, from sales managers and from sales employees. All respondents were from the life insurance marketing departments of these four large life insurance companies. We expect to illustrate how the sales managers' transformational leadership leads employees to improve organization trust for strategic alliance implementation so as to build better relationships with their alliance partners. A total of 200/500 questionnaires (50/125 to each company) were distributed to the sales managers/ sales employees of these four companies, from the summer of 2009 to the fall of 2009. Participants were provided ample time to fill out the questionnaire. 145/349 questionnaires were collected for study analysis. Invalid questionnaires, such as those with missing values and incomplete answers, were removed, leaving 138/324 questionnaires for study analyses. The questionnaire responses were as follows: Cathay (31/79), Nan Shan (27/68), Shin Kong (41/93), and MassMutual Mercuries Life (46/109).

Development of Measurements: Reliability and validity

Podsakoff et al.'s (1990, 1996) transformational leadership behavior inventory with six major dimensions was used to study the behavior of these leaders. The inventory has been applied in earlier studies and generally supports the hypothesized factor construct (Bass, 1985; Conger and Kanungo, 1987). The dimensions are: Fostering acceptance of shared goals, setting higher performance standards, offering intellectual stimulation, providing appropriate guidance, articulating a vision, and providing individualized support. The questionnaire is shown in Appendix 1. We measured the TL (overall α = 0.873) using the same 23 item scale used in earlier studies (Podsakoff et al., 1990, 1996). Possible responses from managers ranged from 1 (very little) to 5 (extremely high). Leadership should demonstrate the extent to which managers: (a) Intend to promote cooperation among the teams and get them to work together toward a common goal (fostering acceptance of shared goals); (b) Evince high expectations of excellence, quality and/or high performance on the part of the teams (setting higher performance standards); (c) Encourage the teams to re-examine some of their assumptions about their previous service performance so that they can think about how to perform better (offering intellectual stimulation); (d) Provide an example for the teams that is consistent with the values espoused by the managers (providing appropriate guidance); (e) Identify new opportunities and develop, articulate and inspire the teams with a vision of better service performance (articulating a vision); (f) Show respect and concern for the teammates' personal feelings and needs (providing individualized support).

There has been a lot of interest in the development of organizational trust due to leadership in organizational settings in recent years (Ferres et al., 2002; Mayer and Davis, 1999). A number of researchers have found that trust is "an important factor in determining organizational success, organizational stability, and the well-being of employees" (Podsakoff et al., 1990, 1996). For example, Podsakoff et al. (1990, 1996) have come up with several features detailing how followers trust in the leader, including the following: "Followers' personal trust at work" (followers' faith in leader's fairness); "followers' faith in the leader's integrity"; and "loyalty to the leader". Robert et al. (1998) discussed the meaning of "trust". They believe that trust on the organizational level should include trust in managers and peers. Based on the previous discussion, we measured organizational trust (overall α = 0.829) using 16 item scales: Trust in managers (6 items) and trust in peers (4 items), as shown in Appendix 1. Possible employee responses ranged from 1 (very little) to 5 (extremely high). Menon et al. (1997) reported that departmental conflict could be reduced by careful restructuring of the organization. Menon et al. (1997) utilized two key dimensions of organizational conflict management to study the management of interdepartmental interactions. The two constructs have been used elsewhere in the literature and generally suggest the proposed factor construct (Jaworski and Kohli, 1993). The dimensions are: Interdepartmental conflict and interdepartmental concordance. The questionnaire is shown in Appendix 1. We measured organizational conflict management (overall α = 0.706) using 11 item scales: Interdepartmental conflict (5 items) and interdepartmental concord (6 items). Possible employee responses ranged from 1 (very little) to 5 (extremely high).

Control variable

There is a correlation between commitment and trust and they are important factors contributing to the success of a strategic alliance (Cullen et al., 1995). Trust can be directly related to organizational commitment and the length of an alliance. Organizational commitment has received a lot of attention in studies of the workplace. This could be due to the general recognition that the variable is one of the major determinants of organizational effectiveness and performance. It is also indicated that as an organization continues to face complex challenges from the internal and external environment, there is a positive relationship between leadership and organizational commitment. When management and employees have mutual trust then there will be an increase in work satisfaction. Employee satisfaction does affect commitment and job

functions and is a major determinant of organizational effectiveness. Thus, organizational commitment could be a factor that affects both the independent and dependent variables. To determine if this is an accurate assessment, in the present study, we try to control organizational commitment in order to clarify the influences of transformational leadership and organizational conflict management in a strategic alliance.

Procedure

Multiple interaction regression

Powell and Dent-Micallef (1997) used statistical regression analysis with multiplicative terms to examine the dyadic effect of variable interaction on performance. This study also uses multiple interaction regression as a tool (Baron and Kenny, 1986; Song et al., 2005) for modeling interaction constructs representing variable interaction relationships in structural equation modeling (SEM).

Common method bias

Common method variance (CMV) could bias the study findings if both independent and dependent measures are attained from the same source (Satish et al., 2005). Thus, we utilize multiple-sources from two groups: Sales managers and sales employees. Newbert (2008) used Harman's method of single-factor testing to assess the degree to which data are subject to CMV, considered as one factor explaining the majority (50%) of variance.

Collinerity diagnostics

Generally, if significant correlations exist among several independent variables, there will be significant collinearity in the subsequent regression analysis. Thus, the regression results will be questionable. Since some bivariate correlations attained in this study are 0.7 or higher, it is necessary to test whether there is a major issue with collinearity in the variance inflation factor (VIF) scores (Tabachnick and Fidell, 2000).

The questionnaire was provided in English, with a Chinese translation of each item directly underneath the English original. For the Chinese version of these items, we utilized Brislin's (1980) commonly used translation-back process. Although Brislin considered that careful translation was not enough to provide construct validity across different cultures (Tsui et al., 2007) and even though the study was conducted in Taiwan with scales originally developed for another culture, cross-cultural construct validity during data-analysis was not a problem. The effectiveness of this type of procedure for Chinese speakers has been confirmed in other studies (Zhou et al., 2008). Results show no obvious reason to consider there to be a different meaning in a Chinese context than in other cultural contexts. Factor analysis is performed using the SPSS tool to consider the study reliability and validity. As shown in Appendix 1, each scale's reliability exceeds Nunnally's recommended level of .70, showing the existence of internal consistency. The results of convergent validity testing suggest that all indicator items loaded on the theorized constructs have a significant Bartlett value $\chi 2$ (p<.01) and therefore allow an interpretation of structural variables. Our results stand up to validity testing (Kaiser, 1974; Nunnally, 1978) based on the following: (1) Each scale's Kaiser-Meyer-Olkin (KMO) exceeds the recommended level of .50; (2) Each scale's Bartlett value, $\chi 2$ is statistically significant; (3) Each scale's reliability exceeds Nunnally's recommended level of .70; (4) The percentage of variance explained by each scale exceeds the suggested level of 50%; (5) Each factor's Eigenvalue exceeds Kaiser's recommended level of 1.000; and each item's factor

component exceeds the considered level of .50.

RESULTS OF EMPIRICAL ANALYSIS

An examination of Appendix 2 shows that the highest and lowest scores for mean (M), standard deviation (SD) and correlation coefficient (r) were obtained for intellectual stimulation (M = 4.01), overall (total scales) organizational commitment (M = 3.75), departmental conflict management (SD = 0.87), overall (total scales) transformational leadership (SD = 0.41), and overall (total scales) organizational trust as well as departmental conflict management with organizational normative commitment (r = 0.88 and 0.12, p < 0.01 and 0.05, respectively). Some prior studies suggested testing to find whether the variance inflation factor (VIF) scores show a major issue of collinearity. Some bivariate correlations between independent variables were 0.70 or higher (Tabachnick and Fidell, 2000). The resultant VIF scores among the causal relationships ranged between 1.06 and 1.69 (VIF < 10.0). The results of regression analysis were significant (Ryan, 1997). Although Newbert (2008) used Harman's single-factor testing to assess the degree to which data are subject to common method variance (CMV); in this study, we used unrotated factor analysis of all the items with Eigen values greater than 1.0. We found that the first factor accounted for 27.93% of the variance. Since a single factor did not emerge from the analysis and since no single one factor accounted for an actual majority of the variance (50% or less), CMV was not a significant determinant on the results (Podsakoff et al., 2003).

In Step 1, we found significantly a positive effect for the following aspects: Organizational trust of transformational leadership and organizational conflict management (β = 0.161 and 0.460, p < 0.01, respectively) with a significant explanation of 31.6% of variance (R^2 = 0.316, p < 0.01) and F value (F = 78.09, p < 0.01). While adding the control variable of organizational commitment into Step 2, there was a significantly positive effect shown by: Organizational trust of transformational leadership, organizational conflict management, and organizational commitment (β = 0.135, .386, and .160, p < 0.01, respectively) with a significant explanation of 33.5% of variance (R^2 = 0.335, p < 0.01) and F value (F = 88.95, p < 0.01). This finding indicates that organizational commitment influenced organizational trust, and suggests a general recognition that commitment is an important determinant of organizational effectiveness and performance, of organizational trust. In Step 3, we found that the interaction term (transformation leadership * organizational conflict management) had a significantly positive effect on: Organizational trust of transformational leadership, organizational conflict management, organizational commitment, and the interaction of transformation leadership and organizational conflict management (β = 0.149, 0.362, 0.205 and -0.166, p < 0.01, respectively) with a significant explanation of 36.1% of variance

(R^2 = .361, p < 0.01) and F value (F = 102.63, p < 0.01). The β values obtained from the three models were statistically significant for hypotheses $H_1(a)$, $H_1(b)$ and H_2 so all were accepted.

Checking R_2 from steps 1, 2, and 3 in Appendix 3 for analyzing main and dyadic effects, we find a range from 0.316 to 0.361. At first sight, some R_2 may illustrate low explanatory powers. However, the present study R_2 values are in line with earlier works. For example, Podsakoff et al. (1990) presented the significant effects of TL on trust (β = 0.06 to 0.33; R_2 = 0.28; p < 0.05 to 0.01); prior studies by Podsakoff et al. (1990), Herold et al. (2008), and Walumbwa et al. (2005), and given the significant effects of TL on organizational commitment (β = 0.10, 0.40, and 0.38; R_2 = 0.01, 0.17 and 0.14; p < 0.01; respectively); Podsakoff et al. (1990) and Walumbwa et al. (2005) demonstrates the significant effects of TL on satisfaction (β = -0.05 to 0.12 and .34 for five TL behaviors; R_2 = 0.07 and 0.14; p<.05 to 0.01; respectively). Wu (2010) and Lok and Crawford (2001) showed the significant effect of consideration leadership on satisfaction and commitment (β = 0.22 and 0.21, R_2 = 0.35 and 0.23, p < 0.01). As previously shown, the study results obtained in this work all give significant main effects for the determining factors (transformational leadership and organizational conflict management). In addition, Models 2 and 3 obtained statistically significant results for the control variable (organization commitment) and dyadic effects. We can compare the results from Models 1 and 2 with Model 3 to gain an overall view that the main and dyadic effects all can lead to better organizational trust with a significant and positive β value.

DISCUSSION AND CONCLUSION

Since Ohmae (1989) first introduced strategic alliances, they have been adopted by organizations and businesses to assist them with obtaining and utilizing extra resources and technology in an effort to remain competitive. Unfortunately, many organizations have failed to implement strategic alliances in an effective manner. An organization might have the opportunity to form such alliances, but lack the ability to cooperate with other organizations, which leads to a higher rate of failure (Das and Teng, 2000b). Research also indicates that organizational trust plays a key factor in the success an alliance and can be enhanced through effective transformational leadership with sound organizational conflict management. The current study was conducted to determine if the dyadic effect of transformational leadership and organizational conflict management could help enhance the effectiveness of the transformational leadership process with organizational trust leading to more desirable outcomes. The more experience a company has with managing cooperative relationships when trying to reconcile differences, the better (Cavusgil et al., 1997).

Organizational trust is related a manager's mindset. Any organization seeking to establish a strategic alliance should have a well-developed advance plan (Buckley and Casson, 1988). In a strategic alliance, two or more organizations work together and rely on each other for mutual benefit. Uneven benefits will weaken the level of the alliance.

Borys and Jemison (1989) argued that in a strategic alliance implementation that allows one or more companies to form as inter-dependent units by ways as sharing their own resources to each other needs. This type of development can promote organizational competitiveness and is most often used by small and mid-sized companies. However, the organization leaders need to carefully evaluate and take business characteristics (that is, strengths and weaknesses, opportunities and threats) into consideration when choosing the most appropriate strategy to prevent failure or malfunction from occurring. Organizational trust is a key factor for strategic alliance implementation and can be enhanced through effective transformational leadership with sound organizational conflict management. The main purpose of this study is to examine the influence of transformational leadership, conflict management and their dyadic effect on organizational trust in life insurance companies. Based on the information collected from the two samples (sales managers and sales employees), it is found that both transformational leadership and organizational conflict management had a positive impact on organizational trust. It is worth noting that when transformational leadership and organizational conflict management interact with each other, there is a dyadic effect which also helps to increase organizational trust.

Main effects

The results indicate that transformational leadership has a positive effect on organizational trust (β = 0.161, p < 0.01). When sales managers reinforced transformational leadership behaviors, organizational trust for strategic alliance implementation was enhanced. Clearly leaders should develop an appropriate vision that can encourage and motivate their sales employees to place organizational benefits above their personal interests. Additionally, it is also beneficial to clarify job roles through challenging and meaningful assignments, establish common goals that can stimulate the creativity and innovative thinking of the sales employees and to assist them with fulfilling their needs for personal growth and a sense of achievement. By implementing these procedures, transformational leaders can create an organizational climate that is supportive and trustful which could increase organizational effectiveness for successful strategic alliance implementation. The interpersonal relationships that develop between employees in an organization result in a higher level of cooperation, especially when trust can be

generated without relying on formal contracts (Ring and Van de Ven, 1994). So, relation management that emphasizes and orientates interactions among employees does contribute to a higher level of cooperation and trust. To reach the management framework, it uncovers three activities: Technological development, logistics and operations, and marketing, sales and service (Porter and Fuller, 1986). Consistent with this finding, it also helps us revive the importance for implementation of a strategic alliance: Economies of scale or accelerated learning; access to knowledge or abilities; reduced risks; shaping the competition in regard to who the competitors are and the basis of competition (Buckley and Casson, 1988; Porter and Fuller, 1986).

The findings indicate that organizational conflict management has a positive effect on organizational trust ($\beta = 0.460$, p<.01). Some practitioners and researchers believe that all conflict is bad and undesirable. Typically managers have been forced to find methods or ways to prevent, or reduce conflicts. However organizational conflicts are natural and inevitable. Positive conflicts can foster mutual understanding and even help with reaching organizational goals. Unfortunately, negative conflicts have destructive consequences that are detrimental to an organization. Organizational conflict management can be a way of resolving the conflicts that arise between departments, or employees. It is important to build a communication platform where employees can express their ideas and understand each other. A transformational leader can act as an agent of change, helping to resolve many of the conflicts that develop between employees. A set of acceptable behaviors along with certain procedures should be developed and regulated. When a conflict does occur, effective leaders should maintain a neutral position and listen to both sides. An open channel of communication and a timely discussion of the issues will allow the two parties to work through their problems by following an established set of principles. The leader can help employees to understand that conflicts can be a significant tool for change. This provides additional benefits to organizational development, especially when change is viewed as a necessity for the implementation of positive progress. A good manager should be able to reduce tensions in any department or due to personnel issues and help to increase the level of organizational trust for strategic alliance implementation.

Dyadic effect

The results show a positive dyadic effect of transformational leadership and organizational conflict management on organizational trust ($\beta = 0.160$, p < 0.01). The two factors (transformational leadership and organizational conflict management) do affect and interact with each other; one factor responds to the other. The level of organizational trust increases when the two factors compliment and interact with each other. The study results

also suggest that an effective leader demonstrates and performs the appropriate leadership behaviors. Such a leader should be able to apply the conflict management and reconcile the differences between departments or personnel within the organization and enhance the level of organizational trust for strategic alliance implementation. The advantages of such an alliance include acceleration of the learning curve, cost reductions on marketing and sales, improved relations between clients and distributors as well as the promotion of a company's reputation in a local area (Burton, 1995; Michelet and Remacle, 1992). On the other hand, Stanek (2004) suggested that there are difficulties in the allying processes, which can frequently result in poor performance of the allied organizations. The probability of an alliance collapse does pose problems. To avoid this problem Ohmae (1989) suggests that organizational trust has to be built. It is indicated in the literature that the trust is a major factor for successful implementation of the strategic alliance (Ring and Van de Ven, 1994). Trust is essential in organizational relations in order to fulfill implementation goals.

Academic contribution

Some earlier related studies help stress the contributions of this study (Ritala and Ellonen, 2010). Specifically, leadership and conflict management do really play important roles in strategic alliance implementation. For example, In the insight of leadership and organizational trust, Burke et al. (2007) presented their study in an integrative model of trust in leadership and explored that leaders play important roles in contributing in organizational effectiveness across all of individual, team, unit within organizations; in the literature of trust and strategic alliance, Blatt (2009) and Faems et al. (2008) suggested that organizational trust is signification to entrepreneurial alliance implementation successfully; in the study of transformational leadership and conflict management, Menguc and Auh (2008) illustrated their significant finding that the dyadic effect (interaction) of transformational leadership and task conflict on market orientation ($\beta = 0.160$, $R_2 = 0.52$, p < 0.01). More particular, one of previous studies discussed the roles of leadership and conflict management in strategic alliance implementation in international business context. For instance, according to the leadership-performance linkage in the context of international-level strategic alliance implementation (Uhl-Bien et al. 2007; Osborn et al., 2002), Osborn and Marion (2009) found that transformational leadership was positively associated with the performance of innovation and alliance governance. Thus, organizational trust can facilitate the process of strategic alliance implementation. This is the rationale used by Perry et al. (2004) who suggested that trust has both direct and indirect effects on the effectiveness of strategic alliance implementation. The present study provides additional information related

to the role of leadership. Many alliances have failed due to problems with transformational leadership, organizational conflicts, and organizational commitment that have created a feeling of distrust among the allied organizations. The results suggest that effective utilization of both transformational leadership behaviors and organizational conflict management could be beneficial for increasing the level of organizational trust for strategic alliance implementation. Our findings also indicate that when a leader can perform transformational leadership behaviors and reconcile differences in a timely manner, even with opposing opinions among departments or personnel, the level of organizational trust amongst employees can be increased. Even when there are differences of opinions between departments and personnel, these two types of behavior can assist by interacting to create a dyadic effect. The complementarities can also contribute significantly to increasing organizational trust. Both main and interactive effects encourage sales employees to consider trust in a positive way. Based on earlier studies of leadership and organizational citizen behaviors (OCBs), Podsakoff and Mackenzie (1990, 1996) suggested that transformational leadership helps lead employees beyond their normal duties to improve company prosperity while increasing job satisfaction. They found that transformational leadership behaviors were significant predictors of satisfaction. This current study makes a contribution to transformational leadership by showing two positive significant effects (main and dyadic effects) on organizational trust. This present study contributes insights to our understanding of several aspects of transformational leadership and organizational conflict management.

According to several earlier leadership studies, we note that leadership capabilities like charisma, individual consideration, and intellectual stimulation comprising transformational leadership have an effect on satisfaction (0.59, 0.59, and 0.52, respectively; for all $p < 0.05$) (Bass, 1985). The leadership capacities of vision, modeling, goals, expectations, support, and intellectual stimulation have an effect on employees' general satisfaction (Podsakoff and Mackenzie, 1990, 1996). Transformational leadership behaviors definitely have an effect on job performance (Howell and Frost, 1989). The leader's task assignment behaviors have an effect in Chinese society with clear tasks and purposes defined by the leader (Hsu, 1982). The qualities of directive, supportive, charismatic and participative leadership shown in Taiwan all have an effect on satisfaction (Dorfman et al., 1997). Transformational leadership affects satisfaction with the balance between job and life (Conway and Monks, 2008). In our current study, we examine the contribution of these relationships in transformational leadership, for an evaluation from the perspective of leadership through the modeling of the main and dyadic effects of transformational leadership, organizational conflict management, and their interactive relationship on organizational trust.

Conclusion

Overall, we attained significant results which were consistent with transformational leadership predictions but this study moves beyond previous leadership studies, offering new findings and insights. Briefly we utilize the transformational leadership perspective in our modeling of ways to achieve organizational trust. It is of interest that the dyadic relationship between transformational leadership and organizational conflict management has a positive impact on organizational trust. We also integrate the main with dyadic effects for an overall view of the leadership-trust linkage based on significant β and R_2 values. Our main conclusion is that we consistently find an important contribution, indicating the main and dyadic effects can also help to enhance organizational trust. This suggests that including the dyadic effect between these two roles will lead to a better prediction of the relation on organizational performance of the objective of organizational trust. When these four bigger companies are placed in a very dynamic environment, transformational leadership can be expected to be a key source of competitive advantage since it is the leader's transformational inspiration that motivates employees to react positively to organizational trust.

Limitations and future studies

This study was limited to the sales employees of four large firms. However, bigger firms generally have more need of TL to inspire employee interdependence, cooperation, and collaboration and to adapt to environmental complexity. Life insurance companies were suitable for data sources us to conduct this analysis of the effects of leadership on organizational trust as well as being the study of organizational performance. All of this helps us to understand how transformational leadership can help sales employees work together, collecting and sharing dynamic job-related knowledge, in complex environments. It is essential to empirically investigate the effect of leadership on organizational trust in these four large companies for strategic alliance implementation.

This present study was also limited to exploring the impact of transformational leadership, organizational conflicts, and their dyadic effect on organizational trust with the control of organizational commitment. Some variables did demonstrate a meditating and moderating effect on organizational trust, such as work attitudes that help promote cooperation between strategic allied organizations (Gulati, 1995). In addition, industrial competitiveness had a moderating effect on transformational leadership, organizational conflicts, and organizational trust (Jaworski and Kohli, 1993). This demonstrates that adding work attitudes and industrial competitiveness to the theoretical model to determine if there was a relationship among all of the variables could lead to

different results. Future research on work attitudes as a mediator and industrial competitiveness as a moderator could assist with clarifying the relationships among transformational leadership, organizational conflicts and organizational trust in strategic allied organizations.

REFERENCES

Argyres N, Mayer K (2007). Contract design as a firm capability: an interaction of learning and transaction cost perspectives. Acad. Manage. Rev., 32(4): 1060-1077.

Baron RM, Kenny DA (1986). The moderator-mediator variable distinction in social psychological research: conceptual, strategic, and statistical considerations. J. Pers. Soc. Psychol., 51(6): 1173-1182.

Bass BM (1985). Leadership and performance beyond expectations. New York: Free Press.

Bass BM (1990). From transactional to transformational leadership: learning to share the vision. Organ. Dyn., 18(3): 19-31.

Bass BM, Avolio BJ, Jung DI, Berson Y (2003). Predicting unit performance by assessing transformational and transactional leadership. J. Appl. Psychol., 88(2): 207-218.

Blatt R (2009). Tough love: how communal schemas and contracting practices build relational capital in entrepreneurial teams. Acad. Manage. Rev., 34(3): 533-551.

Borys B, Jemison DB (1989). Hybrid arrangements as strategic alliances: theoretical issues in organizational combinations. Acad. Manage. Rev., 14(2): 234-249.

Brislin RW (1980). Translation and content analysis of oral and written material. In HC Triandis, JW Berry (Eds.), Handbook of cross-cultural psychology, Boston: Allyn Bacon, 2: 349-444.

Brower HH, Lester SW, Korsgaard MA, Dineen BR (2009). A closer look at trust between managers and subordinates: understanding the effects of both trusting and being trusted on subordinate outcomes. J. Manage., 35(2): 327-347.

Buckley PJ, Casson M (1988). A theory of cooperation in international. In FJ Contractor, P Lorange (Eds), Cooperative strategies in international business, 31-53, Lexington, MA: Lexington Books.

Burke CS, Sims DE, Lazzara EH, Salas E (2007). Trust in leadership: a multi-level review and integration. Leadersh. Q., 18: 606-632.

Burton J (1995). Partnering with the Japanese: threat or opportunity for European businesses? Eur. Manage. J., 13(3): 304-315.

Bycio P, Hackett RD, Aleen J (1995). Further assessment of Bass's (1985) conceptualization of transactional and transformational leadership. J. Appl. Psychol., 80(4): 468-487

Cavusgil S, Evirgen C, Sarkar M (1997). A commitment-trust mediated framework of international collaborative venture performance. In P Beamish, J Killing (Eds), Cooperative strategies: north American perspectives. New York, NY: Jossey-Bass.

Colbert AE, Kristov-Brown AL, Bradley BH, Barrick MR (2008). CEO transformational leadership: the role of goal importance congruence in top management teams. Acad. Manage. J., 51(1): 81-96.

Collins CJ, Smith KG (2008). Knowledge exchange and combination: the role of human resource practices in the performance of high-technology firms. Acad. Manage. J., 49(3): 544-560.

Connell J, Ferres N, Travaglione T (2003). Engendering trust in manager-subordinate relationships: predictors and outcomes. Person. Rev., 32(5): 569-587.

Colquitt JA, Scott BA, LePine JA (2007). Trust, trustworthiness, and trust propensity: a meta-analytic test of their unique relationships with risk taking and job performance. J. Appl. Psychol. 92: 902-927.

Conger JA, Kanungo RN (1987). Towards a behavioral theory of charismatic leadership in organizational settings. Acad. Manage. Rev., 12(4): 637-647.

Cronbach LJ (1981). Toward reform in program evaluation. San Francisco, CA: Jossey Bass.

Cullen JB, Johnson JL, Tomoaki S (1995). Japanese and local partner commitment to IJVs: psychological consequences of outcomes and investments in the IJV relationship. J. Int. Bus. Stud., 26(1): 91-116.

Das TK, Teng BS (2000a). Managing risks in strategic alliances. Acad.

Manage. Exec., 13(4): 50-62.

Das TK, Teng BS (2000b). A resource based theory of strategic alliances. J. Manage., 26(1): 31-61.

Deshpande R, Zaltman G (1982). Factors affecting the use of market research information: a path analysis. J. Mark. Res., 19: 14-31.

Dirks KT, Ferrin DL (2002). Trust in leadership: meta-analytic finding and implications for research and practice. J. Appl. Psychol., 87: 611-628.

Dyer J, Chu W (2003). The role of trustworthiness in reducing transaction costs and improving performance: empirical evidence from the United States, Japan, and Korea. Org. Sci., 14(1): 57-68.

Eden L, Lenway S (2001). Introduction to the symposium multinational: the Janus face of globalization. J. Int. Bus. Stud., 32(3): 383-400.

Faems D, Janssens M, Madhok A, Van Looy B (2008). Toward an integrative perspective on alliance governance: connecting contract design, trust dynamics, and contract application. Acad. Manage. J., 51(6): 1053-1078.

Ferres N, Travaglione T, Connell J (2002). Trust: A precursor to the potential mediating effect of transformational leadership? Int. J. Org. Behav., 5(8). 242-263.

Gaski JF (1984). The theory of power and conflict in channels of distribution. J. Mark., 48(3): 9-29.

Giddens A (1990). The consequences of modernity. Stanford, CA: Stanford University Press.

Gill H, Boies K, Finegan JE, McNally J (2005). Antecedents of trust: Establishing a boundary condition for the relation between propensity to trust and intention to trust. J. Bus. Psychol., 19(3): 287-302.

Gillespie NA, Mann L (2004). Transformational leadership and shared values: the building blocks of trust. J. Manage. Psychol., 19(6): 588-607.

Gulati R (1995). Does familiarity breed trust? The implications of repeated ties in contractual choice in alliances. Acad. Manage J., 38(1): 85-112.

Harisalo R, Huttunen H, McInerney J (2005). Trust-creating practices for marketing managers. J. Change Manage., 5(4): 463-484.

Herold D, Fedor D, Caldwell S, Liu Y (2008). The effects of transformational and change leadership on employees' commitment to a change: a multilevel study. J. Appl. Psychol., 93(2): 346-357.

Herscovitch L, Meyer JP (2002). Commitment to change: extension of a three-component model. J. Appl. Psychol., 87(3): 474-487.

Howell JM, Frost PJ (1989). A laboratory study of charismatic leadership. Organ. Behav. Hum. Dec. Process., 43(2): 243-269.

Ireland RD, Michael AH, Deepa V (2002). Alliance management as a source of competitive advantage. J. Manage., 28(3): 413-46.

Jaworski BJ, Kohli AK (1993). Market orientation: antecedents and consequences. J. Mark., 57(3): 5370.

Johnson JL, Cullen JB, Sakano T, Takenouchi H (1996). Setting the stage for trust and strategic integration in Japanese-Us cooperative alliances. J. Int. Bus. Stud., 27(5): 981-1004.

Lok P, Crawford J (2001). Antecedents of organizational commitment and the mediating role of job satisfaction. J. Manage. Psychol., 16(8): 594-613.

Kaiser HF (1974). An index of factorial simplicity. Psychometrika, 39(1): 31-36.

Kanter RM (1994). Collaborative advantage: the art of alliances. Harv. Bus. Rev., 72(4): 96-108.

Kohli AK, Jaworski BJ (1990). Market orientation: the construct, research propositions, and managerial implications. J. Mark. 54(2): 1-18.

Lewis JW (1992). The management of organizational behavior. Englewood Cliffs, NJ: Prentice-Hall.

Mayer RC, Davis JH (1999). The effect of the performance appraisal system on trust for management: a field quasi-experiment. J. Appl. Psychol., 84(1): 123-136.

Menguc B, Auh S (2008). Conflict, leadership, and market orientation. Int. J. Res. Mark., 25: 34-45.

Menon A, Jaworski BJ, Kohli AK (1997). Product quality: impact of interdepartmental interactions. Acad. Mark. Sci., 25(3): 187-200.

Michelet R, Remacle R (1992). Forming successful strategic marketing alliance in Eur. J. Eur. Bus., 4(1): 11-15.

Molle W (2002). Globalization, regionalism, and labor markets: should we recast the foundations of the EU regime in matters of regional (rural and urban) development? Regional Stud., 3(2): 161-172.

Newbert SL (2008). Value, rareness, competitive advantage, and

performance: a conceptual-level empirical investigation of the resource-based view of the firm. Strateg. Manage J., 29(7): 683-791.

Ohmae K (1989). The global logic of strategic alliances. Harv. Bus. Rev., 67(2): 143 -155.

Organ W (1988). Restatement of the satisfaction-performance hypothesis. J. Manage., 14(4): 547 - 557.

Orozco M (2002). Globalization and migration: the impact of family remittances in Latin America. Latin Am. Polit. Soc., 44(2): 41-66.

Osborn RN and Marion R (2009). Contextual leadership, transformational leadership and the performance of international innovation seeking alliances. Leadersh. Q., 20: 191-206.

Osborn RN, Hunt JG, Jauch LR (2002). Toward a contextual theory of leadership. Leadership Q., 13: 797-837.

Patton MQ (1978). Utilization focused evaluation. Thousand Oaks, CA: Sage Publications.

Pawar BS, Eastman KK (1997). The nature and implications of contextual influences on transformational leadership: a conceptual examination. Acad. Manage. Rev., 22(1): 80-109.

Perry ML, Sengupta S, Krapfel R (2004). Effectiveness of horizontal strategic alliances in technologically uncertain environments: are trust and commitment enough? J. Bus. Res., 57(9): 951-956.

Pillai R, Schriesheim CA, Williams, ES (1999). Fairness perceptions and trust as mediators for transformational and transactional leadership: a two-sample study. J. Manage., 25(6): 897-933.

Ping PL (2008). Toward a geocentric framework of trust: an application to organizational trust. Manage. Organ. Rev., 4(3): 413-439.

Podsakoff PM, Mackenzie SB (1990). Transformational leader behaviors and their effects on followers: trust in leader, satisfaction, and organizational citizenship behaviors. Leadersh. Q., 1(2): 107-142.

Podsakoff PM, MacKenzie S, Ahearne M, Bommer W (1995). Searching for a needle in a haystack: trying to identify the illusive moderators of leadership behaviors. J. Manage., 21(3): 422-470.

Podsakoff PM, MacKenzie SB, Bommer WH (1996). Meta-analysis of the relationships between Kerr and Jermier's substitutes for leadership and employee job attitudes, role perceptions, and performance. J. Appl. Psychol., 81(4): 380- 399.

Podsakoff PM, MacKenzie SB, Lee JY, Podsakoff NP (2003). Common method biases in behavioral research: a critical Rev. of the literature and recommended remedies. J. Appl. Psychol., 88(5): 879-903.

Porter ME, Fuller MB (1986). Coalitions and global strategy. In M. E. Porter (Ed.), Competition in global industries, Boston, MA: Harvard Business School Press, pp. 221-225.

Powell TC, Dent-Micallef A (1997). Information technology as competitive advantage: the role of human, business, and technology resources. Strat. Manage. J., 18(5): 375-405.

Preacher KJ, Hayes AF (2008). Asymptotic and resampling strategies for assessing and comparing indirect effects in multiple mediator models. Behav. Res. Methods, 40(3): 879-891.

Ring, PS, Van de Ven AH (1994). Developmental processes of cooperative interorganizational relationships. Acad. Manage. Rev., 19(1): 90-118.

Ritala P, Ellonen HK (2010). Competitive advantage in interfirm cooperation: old and new explanations. Competitiveness Rev.: Int. Bus. J. 20(5): 367-383

Robert, DC, Selim SI, Jason JB (1998). A multi-dimensional study of trust in organizations. J. Manage. Iss., 10: 303-317.

Ryan TP (1997). Modern regression methods. New York: John Wiley and Sons, Inc.

Satish J, Subhash S, Peter K, Pushkala R (2005). The role of relational information processes and technology use in customer relationship management. J. Mark., 69(12): 177-192.

Schoorman F, Mayer R, Davis J (2007). An integrative model of organizational trust: past, present, and future. Acad. Manage. Rev., 32(2): 344-354.

Shrader RC (2001). Collaboration and performance in foreign markets: the case of young high-technology manufacturing firms. Acad. Manage. J., 44 (1): 45-60.

Smith, CA, Organ DW, Near JP (1983). Organizational citizenship behavior: its nature and antecedents. J. Appl. Psychol., 68(4): 653-663.

Song M, Droge C, Hanvanich S, Calantone R (2005). Marketing and technology resource complementarity: an analysis of their interaction effect in two environmental contexts. Strateg. Manage. J., 26(3): 259-276.

Stanek WR (2004). Windows command-line administrator's pocket consultant. Redmond: Microsoft Press.

Tabachnik BG, Fidell, LS (2000). Using multivariate statistics. Boston: Allyn and Bacon.

Thorelli HB (1986). Networks: between markets and hierarchies. Strat. Manage. J., 7(1): 37-51.

Tsui AS, Nifadkar SS, Ou AY (2007). Cross-national, cross-cultural organizational behavior research: advances, gaps, and recommendations. J. Manage., 33(3): 426 -478.

Uhl-Bien M, Marion R, McKelvey B (2007). Complexity leadership theory: Shifting leadership from the industrial age to the knowledge era. Leadersh. Q., 18: 298–318.

Walumbwa FO, Orwa B, Wang P, Lawler JJ (2005). Transformational leadership, organizational commitment, and job satisfaction: a comparative study of kenyan and U.S. financial firms. Hum. Resour. Dev. Q., 16(2): 235- 256.

Wang H, Law KS, Hackett, RD, Wang D, Chen ZX (2005). Leader–member -exchange as a mediator of the relationship between transformational leadership and followers' performance and organizational citizenship behavior. Acad. Manage. J., 48(3): 420-432.

Webster FE Jr. (1992). The changing role of marketing in the corporation. J. Mark., 56(4): 1-17.

White S (2000). Competition, capabilities and the make, buy, or ally decisions of Chinese state - owned firms. Acad. Manage. J., 43(3): 324-341.

Williams JD, Han SL, Qualls WJ (1998). A conceptual model and study of cross-cultural business relationships. J. Bus. Res., 42(2): 135-143.

Wu YC (2010). An exploration of substitutes for leadership: problems and prospects. Soc. Behav. Pers., 38(5): 583-596

Yukl G (2010), Leadership in organizations, 7th ed., Prentice-Hall, Englewood Cliffs, NJ.

Zhou KZ, Li JJ, Zhou N, Su C (2008). Market orientation, job satisfaction, product quality, and firm performance: evidence from China. Strat. Manage. J., 29(9): 985- 1000.

APPENDIX

Appendix 1: All measurement scales

Transformational leadership

Fostering acceptance of shared goals: (Scale: 1 = very low to 5 = extremely high; Loading: 0.586- 0.799; Rating by managers)

1. As manager, I am cooperative and work with the teams to reach the goals.
2. As manager, I encourage the group members to work as a team.
3. As manager, I am able to help all the teams set shared missions and goals.
4. As manager, I am able to encourage and motivate the teams to have positive work attitudes as team members.

Setting higher performance standards: (Scale: 1 = very low to 5 = extremely high; Loading: 0.553- 0.843; Rating by managers)

1. As manager, I expect the teams to have high performance.
2. As manager, I insist on offering the best performance and services to the customers.
3. As manager, I do not tolerate lower standards of performance and services other than the best.

Offering intellectual stimulations: (Scale: 1 = very low to 5 = extremely high; Loading: 0.576-0.718; Rating by managers)

1. As manager, I require the teams to look at old problems with new methods of thinking.
2. As manager, I stimulate the teams to think about problems instead of just acting.
3. As manager, I always ask the teams to reconsider our conduct and services.
4. As manager, I provide the teams with better ways of thinking to do our jobs

Providing an appropriate guidance: (Scale: 1 = very low to 5 = extremely high; Loading: 0.540-0.748; Rating by managers)

1. As manager, I lead the teams with actions instead of just words.
2. As manager, I provide strong and powerful beliefs for the teams to follow.
3. As manager, I guide the teams with successful examples.

Articulating a vision: (Scale: 1 = very low to 5 = extremely high; Loading: 0.643-0.736; Rating by managers)

1. As manager, I provide the teams with clear, specific and understandable goals.
2. As manager, I draw on team interests with a vision of our company's future.
3. As manager, I always look for ways to make the company grow.
4. As manager, I encourage the teams to plan the company's future goals.
5. As manager, I encourage the teams to commit to the company's missions.

Providing individualized support: (Scale: 1 = very low to 5 = extremely high; Loading: 0.591- 0.774; Rating by managers)

1. As manager, I consider teammates' feelings before actions
2. As manager, I respect the team members' opinions and suggestions
3. As manager, I always demonstrate an attitude of consideration to the teams.
4. As manager, I care about how the teams feel.

Overall α= .873; Overall cumulative value explained (%) = 63.66; Total Eigen value >1; KMO= 0.906; Bartlett χ^2 = 3264.347, p< .01 (2-tailed)

Organizational conflict management

Interdepartmental conflict management: (Scale: 1 = very low to 5 = extremely high; Loading: 0.645- 0.812; Rating by employees)

1. Being supportive of each department's operational pattern is part of our organizational culture.
2. I believe that the organizational goals match ours.
3. The goals of the marketing department match the goals of the operational department.
4. Departmental conflict does not exist in our company.
5. Most of the departments in our company work with one another cooperatively.

Interdepartmental concordance (Scale: 1 = very low to 5 = extremely high; Loading: 0.508- 0.757; Rating by employees)

1. It is easy to work and communicate with any department in our company.
2. We are hoping that the company can build smooth communication channels among departments.
3. My manager encourages us to discuss work-related matters with other departments open-mindedly.
4. Department directors conduct regular meetings smoothly.
5. Our company gives us plentiful opportunities to communicate with employees in different departments.
6. It is always harmonious when employees from different departments meet together.

Overall α= .706; Overall cumulative value explained (%) = 53.78; Total   Eigen value >1; KMO = .842; Bartlett χ^2 = 830.092, p < 0.01 (2-tailed).

Organizational trust

Trust in managers: (Scale: 1 = very low to 5 = extremely high; Loading: .537- .763; Rating by employees)

1. I believe that my manager makes decisions based on truthful reasons.
2. No matter what will happen in the future, I believe that my manager will provide me with the support and assistance I need.
3. My manager treats me honestly.
4. I feel that my manager understands how hard I work at my job.
5. I believe that my manager is sincere and committed to taking good care of me.
6. From my understanding, most of my colleagues believe that the manager is trustworthy.

Trust in peers: (Scale: 1 = very low to 5 = extremely high; Loading: .672- .789; Rating by employees)

1. I believe when I need help my colleagues will help me.
2. I trust my colleagues who will always fulfill what they promise to do.
3. I am confident in my colleagues' work abilities.
4. Most of my colleagues say what they mean and mean what they say.

Overall α = 0.829; Overall cumulative value explained (%) = 52.24; Total Eigen value >1; KMO = 0.855; Bartlett χ^2 = 936.179, p < 0.01 (2-tailed).

Appendix 2. Corrections.

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	1.00																
2	0.53**	1.00															
3	0.43**	0.43**	1.00														
4	0.41**	0.38**	0.58**	1.00													
5	0.34**	0.27**	09.46**	0.49**	1.00												
6	0.41**	0.34**	9.51**	0.53**	9.47**	1.00											
7	0.70**	0.67**	9.77**	0.78**	0.72**	0.74**	1.00										
8	0.08	0.08	0.17	0.05	0.08	0.15	0.14*	1.00									
9	0.33**	0.22**	0.32**	0.24**	0.27**	0.37**	0.40**	0.30**	1.00								
10	0.44**	0.26**	0.44**	0.33**	0.37**	9.50**	0.53**	0.20**	0.50**	1.00							
11	0.32**	0.18**	0.30**	0.23**	0.28**	0.34**	0.38**	0.20**	0.52**	0.50**	1.00						
12	0.28**	0.20**	0.22**	0.17**	0.28**	0.29**	0.33**	0.18**	0.49**	0.45**	0.52**	1.00					
13	0.35**	0.22**	0.30**	0.23**	0.32**	0.36**	0.41**	0.22**	0.58**	0.55**	0.86**	0.88**	1.00				
14	0.29**	0.13*	0.24**	0.15*	0.30**	0.28**	0.32**	0.15**	0.35**	0.54**	0.30**	0.33**	0.36**	1.00			
15	0.21**	0.10	0.20**	0.14*	0.18**	0.24**	0.24**	0.15**	0.36**	0.43**	0.24**	0.33**	0.33**	0.62**	1.00		
16	0.16**	0.13*	0.19**	0.02	0.10	0.22**	0.19**	0.12*	0.34**	0.28**	0.20**	0.30**	0.29**	0.43**	.54**	1.00	
17	0.26**	0.15**	0.25**	0.12	0.22**	0.30**	0.29**	0.17**	0.42**	0.49**	0.29**	0.39**	0.39**	0.79**	0.85**	.83**	1.00
Mean	3.98	3.95	4.01	3.93	3.99	3.96	3.97	3.98	3.89	3.86	3.93	3.92	3.82	3.82	3.79	3.77	3.75
S. D.	0.50	0.58	0.54	0.56	0.68	0.54	0.41	0.87	0.47	0.45	0.46	0.50	0.42	0.47	0.50	0.63	0.44

** p<0.05; * p<0.05 (two-tailed). 1. Fostering acceptance of shared goals; 2. Setting higher performance standards; 3. Offering intellectual stimulation; 4. Providing appropriate guidance; 5. Articulating a vision; 6. Providing individualized support; 7. Overall (total scales) transformational leadership; 8. Interdepartmental conflict management; 9. Interdepartmental concord; 10. Overall (total scales) organizational conflict management; 11. Trust in managers; 12. Trust in peers; 13. Overall (total scales) organizational trust; 14. Affective commitment; 15. Continuance commitment; 16. Normative commitment; 17. Overall (total scales) organizational commitment.

Appendix 3. Hierarchical regression analysis: Organizational trust for strategic alliance implementation

	Model 1				Model 2				Model 3			
	β	R^2	F	VIF	β	R^2	F	VIF	β	R^2	F	VIF
Step 1 : Independent variables												
H1a: TL→ OT	0.161**			1.39	0.153**			1.40	0.149**			1.40
H1b: CM→ OT	0.460**			1.39	0.386**			1.67	0.362**			1.69
Step 2 : Control variable												
OC→ OT					0.160**			1.31	0.205**			1.39
Step 3 : Dyadic effect												
H2: TL * CM→ OT									.166**			1.06
Overall model		0.316**	78.09**			0.335**	88.95**			0.361**	102.63**	

** p<0.01 (two-tailed); TL: Transformational leadership, CM: Conflict management, OC: Organizational Commitment, OT: Organizational trust.