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U.S./MEXICAN BUSINESS ALLIANCE NEGOTIATIONS: IMPACT OF CULTURE ON AUTHORITY, TRUST AND PERFORMANCE

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AUTHORITY, TRUST AND PERFORMANCE**

Abstract

In this paper, we highlight the impact of culture on relationships of authority, trust and performance in U.S.-Mexican business alliance negotiations. Using a sample of fifty-five Mexican firms with experience in alliances with U.S. counterparts, we propose cultural foundations to explain the outcomes of these negotiations in terms of governance structure (authority) and relationships (trust) in the alliance, and link these negotiation outcomes to Mexican partner perceptions of alliance performance. We find that Mexican managers view authority balance as a positive contributor to alliance performance, while authority advantage--even when to the benefit of the Mexican partner at the expense of the U.S. partner-- is viewed as having a negative impact on performance. Trust also plays an important role in alliance performance. We highlight several examples of alliance negotiations between U.S. and Mexican corporations to illustrate these findings and other challenges and opportunities in cross-cultural negotiations. We draw implications of our research for managers engaged in similar cross-cultural negotiations.

INTRODUCTION

On June 26, 1994, Vitro and Corning, the Mexican and U.S. glass companies, decided to end joint ownership of their consumer glassware divisions, although continue an alliance through supply and distribution agreements. In the fall of 1991, in the midst of the NAFTA negotiations, Vitro Sociedad Anonima (Vitro), the $3 billion Mexican glass maker, had signed a tentative $800 million joint venture with Corning Inc. In the deal, each company took an equity stake in the other and agreed to a series of marketing, sales, and distribution relationships (LDC Debt Report, 1991). Just two years later, the joint venture was dissolved. According to company officials and external analysts, *cultural differences* were a principal cause of the alliance's failure.

Economic integration among countries in the Western Hemisphere has accelerated dramatically in the last decade. According to the Organization of American States, there are no less than 40 bilateral, sub-regional and pan-regional trade agreements and customs unions currently in force among the 34 democratically governed countries in the region (Table 1). These trade agreements are both a cause and a consequence of the increased economic integration between countries, industries, and firms within the Hemisphere. The North American Free Trade Agreement (NAFTA), the Free Trade Agreement of the Americas (FTAA), and many other trade and integration agreements in the Western Hemisphere are fostering increasing business exchanges between North American and European economies and those of Latin America. At the same time, economic reform and market growth in Mexico, Central America, South America and the Caribbean have also contributed to greater interest by U.S., Canadian, and European firms in doing business in the region. These firms are actively engaged in negotiations with governments and business over the condition for market entry, the structure of alliances, and the terms of licensing and franchising agreements.

In this paper, we explore the relationship between authority, trust and performance outcomes of alliance negotiations between U.S. and Mexican firms. Authority is a central concept distinguishing national cultures (Hofstede, 1986) and around which allying firms focus significant negotiation effort (Bacharach & Edward, 1980; Blalock, 1989; Boulding, 1989; Dahl, 1957). International alliances are an ideal setting within which to explore cultural differences in negotiations because they involve not only up-front negotiations over the initial structure of the relationship, but also constant and ongoing negotiation to manage what can be an inherently unstable and continuously evolving organizational form. Using a sample of Mexican firms with experience in alliances with U.S. counterparts, we explore the relationship between a critical concept in international negotiation—authority, which captures the governance structure negotiated by alliance partners —and perceived alliance performance. We also examine the influence of trust, which relates to partner behavior in the on-going relationship, on alliance performance. We highlight several examples of challenges in and lessons from actual alliance negotiations between U.S. and Mexican corporations. These examples illustrate problems that may result from partners' differing conceptions and expectations regarding appropriate/desirable alliance negotiation and management outcomes.

We provide advice and recommendations to parties engaged in similar cross-cultural negotiations pertaining to negotiating authority within their alliances, and discuss several strategies for achieving productive negotiations despite cultural differences. Although there is the potential for increasing convergence in negotiating styles and values between North American/European and Latin American partners, we argue that differences will continue to influence negotiation dynamics. Managers should be aware of how these differences affect the outcome of alliance-related bargaining exchanges so that they can enhance the productivity of their collaborative business relationships.

CULTURE, STRATEGIC ALLIANCES, AND NEGOTIATION

Globalization has prompted interfirm collaboration across borders. These partnerships have been used to control against uncertainty in the environment (Spekman & Sawhney, 1990) and to access products, technology, and other important resources (Gillespie & Teegen, 1995). Much as been written about the phenomenon of international strategic alliances (e.g. Buckley & Casson, 1988, 1996; Contractor & Lorange, 1998; Dyer, 1997;

Harrigan, 1986, 1988; Inkpen, 1995, 1996; Root, 1988). A critical concern when negotiating alliances is that of authority over the alliance's activities (Sherman, 1992). This paper utilizes the negotiation and international business literatures in exploring factors that prompt firms to desire such authority.

How an alliance relationship is institutionalized is largely a function of interfirm negotiation (Ring & Van de Ven, 1992). Alliances are an arena where both *value claiming* (competitive, distributive negotiation) and *value creating* (collaborative, integrative negotiation) activities take place (Dupont, 1991; Weitz & Jap, 1995). In order to lay claim to a larger share of the alliance pie, firms tend to seek an *authority advantage* over their partners. Firms could exact such claims by possessing superior resources, or alternatives beyond the scope of this alliance (Teegen, 1998; Leung, 1997). However, in order to create a larger pie through synergistic combination of partner firm resources and activities, firms must *balance authority,* allowing each firm to dictate certain activities within the alliance, and to institutionalize the notion of sharing and reciprocity where each partner firm plays some decision-making role. In these instances, alliance partners can create value through specialization gains, or rationalization of redundant activities resulting in enhanced performance for the partners. Therefore in alliance negotiations, two parallel, and at times conflicting, goals are in place for both parties to the negotiation: they have incentives to both collaborate and compete with their counterpart (Brandenburger & Nalebuff, 1996; Lewicki, et. al., 1994) and thus their negotiation preferences for governance structures will take these dual goals into account (Lax & Sebenius, 1986, p. 30).

There is an extensive research record on the impact of cultural differences on international business activities, and a growing literature on cultural impacts on negotiation. The most well-known and widely cited work dealing with international business and negotiation is the research of Hofstede (1980).[1] Using survey research

1 That Hofstede's work on national culture has made a significant mark on the Intemational Business discipline is supported by his being awarded honorary Fellow status in the Academy of International

carried out between 1967 and 1978 within foreign subsidiaries of IBM, Hofstede (1980) found that national cultures differ along four dimensions: power distance, uncertainty avoidance, individualism, and masculinity. *Power distance* measures the degree to which people accept the unequal distribution of power in society/organizations; *uncertainty avoidance* represents the degree to which people tolerate uncertainty and ambiguity in situations; *individualism*, as opposed to collectivism, stands for the preference of people to belong to a loosely versus a tightly knit social framework; *masculinity*, as opposed to femininity, represents the degree to which people prefer values of success and competition over modesty and concern for others (Hofstede, 1980).

Hofstede's initial four dimensions have been used widely in research in international business. Kogut and Singh (1988) were the first to combine the four dimensions into one aggregate measure of cultural distance between countries. They found that the cultural distance between the home country of the expanding firm and the host country influences the mode of foreign direct investment. Their index of cultural distance has subsequently been used in many other studies, however, Shenkar and Zeira (1992) have argued that this unidimensional index may oversimplify the rich and complex concept of cultural distance.

Little research exists on the performance of alliances and the conditions under which they may be prematurely severed. One view is that alliances are a temporal structure designed to address a particular problem during a period in time, and that they all will eventually outlast their purpose (Barkema & Vermeulen, 1997). Differences in the cultural backgrounds of alliance partners have been shown to cause problems (Barkema, Bell, &

Business in 1998, the highest honor granted by the premier academic organization for the field of International Business. Although Hofstede's work is most consistently recognized in the International Business literature, and has been explicitly extended to work on international business negotiations, it is important to note that related, although somewhat distinct conceptualizations of national culture values have been offered by Schwartz and Triandis. In fact, these authors shared keynote address status with Hofstede at a University of Tilburg conference in 2001 on cross-cultural scholarship. Given Hofstede's stature and recognition in the International Business field, and given similarities in his approach with those of other leading scholars such as Schwartz and Triandis, we utilize here the Hofstede framework for motivating our propositions.

Pennings, 1996; Harrigan, 1988; Hitt, et. al., 1995; Shenkar & Zeira, 1992). We believe that perceptions of the alliance negotiation objectives are often at the root of these problems. One recent study tried to determine whether some differences are more disruptive than others, finding that differences in uncertainty avoidance, in particular, cause problems (Schneider, 1989; Schneider & De Meyer, 1991). These differences have a negative impact on alliance survival and decrease the likelihood that firms enter a foreign country through an alliance rather than through wholly-owned subsidiaries (Kogut & Singh, 1988).

Most work to date linking national culture to negotiation concerns the *process* of negotiation (cf. Adler, Brahm & Graham, 1992; Graham, 1985) including recent work on differences in frame construction/conflict construal between U.S. and Japanese counterparts (Gelfand, et al, 2001). However, growing attention is being placed on the impact of national culture on negotiation *outcomes*. Work by Brett, et al (1998) demonstrates that U.S.-Japanese cultural differences (as in intercultural negotiation dyads) limit negotiators to generate joint gains. They attribute this dampening effect of cultural differences on joint gains creation to less understanding of counterparts' priorities and less understanding of the utility of issue compatibility, even when information fostering such an understanding is available. Similarly, Cai, et. al. (2000) finds culture to be related to joint gains; the dyad's collectivism is positively associated with higher joint profit in a buyer-seller simulation. Tinsley (2001) directly links cultural values of U.S., Japanese, and German business managers to preferences for negotiation outcomes that integrate the parties' interests. In negotiating technology alliances, Steensma, et. al. (2000) finds that the resulting governance structures in terms of equity ties are predicted by the parties' national culture.

Mexico retains strong elements of its mestizo culture – a combination of Iberian and indigenous language, ethnic makeup, social and political customs, and approaches to business relationships. Using Hofstede's findings as a guide, it is clear that Mexico demonstrates different cultural attributes than the United States. Table 2 shows the rankings along Hofstede's 4 dimensions for the U.S., Canada, Mexico and other Latin American economies, as well as for the mother nations of Latin America's Iberian influence, Spain and Portugal. Compared to the U.S., Mexico demonstrates much higher scores for power distance and uncertainty avoidance, and much lower scores for individualism, reflecting Mexico's much more collectivist cultural orientation.

As a number of researchers have argued, Mexico is a business setting wherein the maintenance of relationships is highly regarded (Schuster & Copeland, 1996), an observation reflected in Mexico's relatively low scores for individualism and high score of uncertainty avoidance. This is in particular contrast to the United States where relationship issues are downplayed, as reflected in the high score for individualism and low scores for power distance and uncertainty avoidance. In addition, the socio-political history of U.S.-Mexican relations, characterized by conflict, mistrust, and power dominance, may exacerbate some of the perceptions and differences between U.S. and Mexican managers as they attempt to form business partnerships.

In the next section, we focus on the concepts of authority and trust in the negotiation literature, and suggest how these important elements of alliance negotiation are likely to be perceived by Latin American managers. We then report on a survey of Mexican managers involved in alliance activities with U.S. counterparts. We draw on Hofstede's cultural dimensions to explain how this group of managers intimately involved in alliance negotiations perceive important questions related to authority and trust in alliance success.

AUTHORITY, TRUST AND PERFORMANCE IN ALLIANCE NEGOTIATIONS

Authority

As a way to determine how Mexican managers perceive critical aspects of alliance negotiation outcomes, we surveyed a group of 55 Mexican managers regarding their perceptions of a number of critical variables in alliance negotiation. Specifically, we were interested in how Mexican managers viewed the concepts of authority (advantage versus balance) and trust as contributors to alliance performance. Using the unique cultural attributes of Mexico as a backdrop, we describe these negotiation concepts below, and report how Mexican managers responded to questions regarding the critical components of authority, trust, and their relationship to perceived alliance performance. The Appendix provides a detailed explanation of our survey methodology, including operationalization of the constructs, and Table 3 presents the results of our statistical analysis.

Authority: Advantage versus Balance

A central concept in negotiations is the notion of authority. Authority concerns the governance of the alliance's activities, and includes decision-making, strategy-setting, influence over the partner and is often associated with partners firms' power. Work by Leung (1997) and Teegen (1998) has addressed how various sources of power including value of alternatives and resource endowments can give a party greater power in a negotiation. Firms have been shown to avoid outcomes that impinge upon their decision-making discretion (Aiken & Hage, 1968; Gaski, 1984; Provan, 1982). When negotiating the terms of a strategic alliance, firms will each seek significant authority in the relationship--and will be reluctant to relinquish it--resulting in conflicting motives among the negotiators (Anderson & Narus, 1990; Gaski, 1984; Hunt, Ray, & Wood, 1985; Oliver, 1990). In protecting against opportunism or shirking on the part of the partner firm, enhanced authority is desirable, and should positively influence a firm's evaluation of the alliance and its activities (Geringer & Hebert, 1989). Future competitor creation, a well-publicized threat of allying, can be mitigated through maintaining an authority advantage over the alliance that controls against the leakage of core firm strengths (Geringer & Hebert, 1989).

Authority in an alliance relationship is related to the objective of control. By establishing an authority advantage within the partnership, a firm directs the alliance's activities in accordance with its own objectives, and can be said to have established control within the alliance. Ohmae (1989) has warned of the difficulties of managing without control; by garnering an authority advantage through negotiating an alliance structure, firms mitigate the impact of such difficulties. Anderson and Gatignon (1986) posit that control is the single most important determinant of both risk and return. By ensuring authority (advantage) over the relationship, firms expect the alliance to have enhanced performance (Buchanan, 1992).

Strategic alliances are defined as relationships of enduring activities among firms that are more numerous and long-lived than single market transactions, yet preserve the legal independence of the partner firms (as contrasted with mergers and acquisitions). Thus *both* alliance partners implicitly have legitimate authority over (at least some of) the alliance's activities. Macneil (1974) and Greenhalgh (1987) note that the foundation of exchange relations (as in the case of a negotiated alliance) includes a division and/or sharing of burdens (and benefits) and that some balance of authority is therefore a typical consideration of partnering.

Authority balance is related to the concept of reciprocity. Reciprocity implies that an action by a firm will be met with/compensated by a corresponding action by the partner firm at some time (now or in the future) (Astley, 1984; Astley & Fombrun, 1983; Bagozzi, 1995; Clark, Mills, & Corcoran, 1989). By sharing authority, firms in an alliance can establish a working relationship based on reciprocity. By allowing the partner to have authority over some activities in the alliance, the firm presumes it can maintain authority over other alliance activities, and balance in the social relationship is maintained (Bagozzi, 1995). In addition, by allowing each partner firm authority over their areas of expertise, the alliance as a whole should benefit. This form of specialization is key for explaining successful interorganizational relationships (Chilsholm, 1989; Tiger & Fox, 1971).

The balance of authority between the partners in an alliance has been shown to positively affect alliance performance (Becker, 1990; Buchanan, 1992; Saxton, 1997). This positive result is due to the gains from specialization and the greater likelihood for constructive conflict resolution with balanced authority in the relationship (Chisholm 1989; Provan, 1982; Thibaut & Faucheux, 1965). Furthermore, excessive concern with authority can be counterproductive to a relationship (Lorange & Roos, 1992; Nooteboom, et al, 1997). Asymmetrical relationships (such as ones lacking authority balance) are said to be inherently unstable (Anderson & Weitz, 1989).

Although the alliance literature presents evidence both in support of favoring authority advantage and authority balance, it is useful to note that these conclusions may be bound in western mindsets that are culturally-determined. In terms of Hofstede's dimensions, one would expect that individualistic cultures would most easily comport with a tendency toward favoring authority advantage (and thus eschewing authority balance). In this case, one's superior position in terms of the alliance governance (authority advantage) would best support an individual firm's success, albeit at the expense of the counterpart. Members of masculine cultures, too, would seemingly prefer authority advantage in that by controlling the alliance, performance outcomes can be enhanced although relationship harmony may be damaged. Since authority advantage allows a partnering firm to better control the alliance's activities, some operating uncertainty can be avoided which would appeal to those cultures with high uncertainty avoidance. However, when firms are operating in uncertain environments characterized by rapid and dynamic change, having access to partner resources and know-how can effectively mitigate this uncertainty and buffer a firm from negative environmental impacts. Where partnering firms are perceived as having different status, resources, alternatives, or other factors associated with power and position, firms from high power distance cultures would tend to more naturally grant/expect authority for those parties who can best utilize and leverage their power sources. This granting of authority for more powerful parties, however, carries a concomitant expectation of responsibility for the more powerful party (Leung, 1997) to protect the interests of the weaker party. Thus, the mapping of cultural dimensions to authority preferences also yields mixed results. Masculinity and Individualism would appear to clearly favor authority advantage (i.e. Femininity and Collectivism would appear to clearly favor authority balance). Power Distance and Uncertainty Avoidance dimensions can be argued to favor either advantage or balance depending upon the environmental situation.

The cultural makeup of Mexico, as delineated by the Hofstede dimensions, provides a mixed message concerning authority. Mexico is highly masculine, thus Mexican alliance negotiators should seek authority advantage in their alliances with U.S. partner firms and should view this advantage favorably in terms of alliance performance. This characterization, however, is inconsistent with the limited examinations of doing business in Mexico. Most accounts of Mexican business point to highly collectivist tendencies that would favor authority balance. Kras (1989) echoes this sentiment in her characterization of Mexicans as agile diplomats who are skilled at avoiding confrontation, and who strive to reach consensus. Consensus may not be considered consistent with authority advantage. Although relatively high in terms of uncertainty avoidance, Mexican managers confront the highly uncertain and dynamic environmental conditions typical of many emerging economies. By partnering with a U.S. firm, Mexican managers can access the resources and knowledge of their partners and may be able to diversify in product and/or geographic terms through an alliance in order to further mitigate environmental risk. By rationalizing and specializing within their alliances, Mexican firms may recognize the value of balancing authority in the alliance. Were a Mexican partner to determine that it is deserving of higher status owing to its dominant sources of power (resources, reputation, alternatives, etc.), this firm still may not require authority advantage in the alliance as would be expected by Mexico's high power distance. Authority in such an instance may be relinquished in recognition of the attendant responsibility costs for the authority position. As mentioned earlier, in the context of Mexican firm preferences for authority (balance vs. authority) in Mexican-US alliances, these perceptions may be further reinforced by the history of imbalanced power relationships between the U.S. and Mexico (Kras, 1989).

Trust

Although the concept of authority (advantage and balance) is of central concern here, the related issue of trust is important for understanding the alliance negotiation milieu and how alliance relationships are managed. Whereas authority designations indicate the structural organization of the alliance activities and partner firms' rights and responsibilities, trust between firms designates the nature of the working relationship between the firms. Where a firm can trust its partner, both initial negotiations as well as on-going relationship negotiations are eased. The risks of the partner behaving opportunistically are lessened in the presence of trust (Bradach & Eccles, 1989; Chiles & McMakin, 1996; Hill, 1990). Trust allows a firm to rely on the partner confidently (Butler, 1991; Moorman, Deshpande, & Zaltman, 1993). It also has been shown to relate to the incidence of constructive conflict resolution (Weitz & Jap, 1995).

Trust has been shown to substitute for other governance mechanisms such as contractual safeguards (Gulati, 1995; Gundlach & Murphy, 1993; Heide, 1994; Inkpen & Currall, 1998; Parkhe, 1993; Ring & Van de Ven, 1992). It allows for exchange that otherwise would be hazardous to a partnering firm, such as that involving provision of sensitive technical information to an alliance partner (Gundlach, Achrol, & Mentzer, 1995; Killing, 1988; Thorelli, 1986). Trust affects the confidence in partner cooperation and the interaction between trust and control influences the development and maintenance of partner alliance confidence (Das & Teng, 1998). Trust and authority measures have been shown to interact, so that where there is a history of trust, the need for authority balance may be less. Put differently, the potential for authority advantage to disrupt an alliance may be mitigated by the existence of trust.

We expect cultures like Mexico that rank low in individualism (i.e. high in collectivism) and high on uncertainty avoidance to place greater value on trust as a contributor to alliance performance. The historic suspicions between the U.S. and Mexico discussed earlier may result on an even higher premium placed on trust by Mexican managers.

Since trust concerns the on-going relationship between alliance partners, it is reasonable to conclude that trusting relationships will have better performance. Trust may also interact with the governance structure of the alliance as captured by authority. Where a firm trusts its partner, it may be more willing to cede authority to the counterpart as it need not control so strictly against (now less likely) opportunism on the part of the counterpart in the alliance.

Alliance Performance

Varadarajan and Cunningham (1995) and others have called for a systematic analysis of the factors that are associated with partner firm benefit. A holistic, perceptual approach to measuring alliance performance as the primary firm benefit in the negotiation context is desirable in that it is sufficiently flexible to capture the diverse and idiosyncratic evaluation criteria of the firms negotiating alliances (Yan & Gray, 1994). We believe that in addition to standard, objective performance measures such as financial returns, interests of allies extend to matters such as reputation enhancement/protection, relationship maintenance and precedent-setting (Lax & Sebenius, 1986; Savage, Blair, & Sorenson, 1989). It should be noted that perceptual performance measures have shown to correlate well with more objective criteria such as financial performance (Geringer & Hebert, 1989). The concern over appropriate evaluation criteria has been shown to be particularly important for alliances utilizing diverse control mechanisms (as in the case of authority [advantage/balance] and trust in the present context) in which partner firms have negotiated authority over varying activities (Schaan, 1983). This is exacerbated in the context of the different premiums placed on various success measures by different national cultures. For example, an achievement versus a relationship orientation of success might be more closely associated with masculine cultures. An alliance partner from a culture ranking high in individualism would be more likely to focus on success as defined by benefits to that firm as opposed to those of the alliance as a whole. To address the diverse types of alliances formed, and a potentially concerning interaction between culture and perceptions of success, we employ fairly general measures of alliance success (see Appendix) that allow alliance managers to attend to their respective important criteria for gauging success.

Based upon the preceding discussion, we therefore propose the following hypotheses:

H1: Mexican firms will perceive authority balance to associate with greater alliance performance. They will perceive authority advantage—even when they hold the advantage relative to their U.S. ally—to associate with lesser alliance performance.

H2: Where Mexican firms trust their U.S. alliance partner, they will perceive greater alliance performance.

H3: The positive relationship between authority balance and alliance performance will be stronger when Mexican firms trust their U.S. alliance partner. (The negative relationship between authority advantage and alliance performance will be weaker when firms trust their U.S. alliance partner).

The Views of Mexican Managers Negotiating Alliances with US Firms: Survey Analysis Results

The results of our analysis (Table 3) confirm our hypotheses regarding alliance negotiation outcomes and alliance performance. The data were modeled as a moderated multiple regression where entry into the regression model was determined by a stepwise procedure with a .05 cutoff for entry and a .10 cutoff for removal from the model. Table 3 reports the Model Summary statistics along with the F-Change statistic and its significance as well as beta coefficient estimates for the predictor variables.

Authority balance was found to positively relate to alliance performance; that is, the more one partner controls the alliance through authority advantage, the greater likelihood the alliance will perform poorly. Although firms are typically believed to seek control in the form of authority advantage (presumably because they anticipate enhanced alliance performance as a result), this study provides evidence counseling against such a strategy in negotiating alliances with Mexican counterparts. Apparently for Mexican managers, the gains from synergy, specialization and rationalization as well as avoiding power struggles in the subsequent management of the alliance favor negotiation outcomes that allow for balanced authority.

These findings may be further supported by Mexican culture. The results are consistent with the ratings of Mexico along the various cultural dimensions reported above, notably, its low scores for individualism reflecting Mexico's collectivist cultural orientation. The results have important implications for practicing managers entering into alliance negotiations with Mexican counterparts. Mexico is a business setting wherein the maintenance of relationships is highly regarded (Schuster & Copeland, 1996), in contrast to the United States where relationship issues are downplayed. Thus, as we expected, Mexican firms don't view authority advantage in a positive light. As Kras (1989) has noted, Mexicans have been viewed as agile diplomats who are skilled at avoiding confrontation, and who strive to reach consensus, as reflected in the positive views Mexican managers attach to authority balance.

Even the cultural traits of (high) power distance and (high) uncertainty avoidance in Mexico can explain this preference for authority balance. Mexican firms with an authority advantage will have requisite responsibility and obligations to the partner firm—the costs of which may obviate any gains from partnering in the first place. Firms from lower power distance cultures may not perceive this sort of attendant responsibility for their partners. Furthermore, by balancing authority, the partnering firms can avoid future power struggles in the alliance. As noted previously, the uncertainty avoidance dimension has been shown empirically to relate to alliance conflict where partnering firms differ. Perhaps by balancing authority, the negative impact of differences in uncertainty avoidance (as in the Mexico-US alliance situation) can be mitigated.

The interaction between trust and authority show that the existence of trust affects the relationship between authority balance and performance. In the case of the relationship between authority balance and performance, it is shown here that trust dampens the positive relationship. That is, trust and authority balance serve somewhat as proxies for each other in the prediction of alliance performance. Where a firm can trust its partner, the balancing of authority is not as critical for enhancing performance. This is most likely attributable to the reciprocity notion inherent in authority balance. In low-trust conditions, it is important for allying firms to negotiate alliances with balanced authority governance structures, a message that should be valuable to U.S. and other managers considering alliance relationships in Mexico and elsewhere with partnering firms that are previously unknown to one another, and thus cannot rely on interfirm trust at the outset.[2]

Authority Advantage and the Authority Advantage * Trust interaction terms did not satisfy the conditions for entry into the overall model, owing to natural multicollinearity with the Authority Balance and Authority Balance * Trust interaction term (Authority Advantage and Authority Balance are mutually exclusive). Therefore parameter

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2 The Authority Advantage and the Authority Advantage * Trust interaction terms did not satisfy the conditions for entry into the overall model, owing to natural multicollinearity with the Authority Balance and Authority Balance * Trust interaction terms (Authority Advantage and Authority Balance represent conceptually opposite ends of a continuum). Centering approaches were attempted to quantitatively remedy this multicollinearity to no avail. Therefore parameter estimates for these variables are not included in the results summary. The relationship between Authority Advantage and Performance (as well as the Authority Advantage * Trust interaction term and Performance relationship) were later assessed, however, by ignoring the multicollinearity between these and the previous predictors. In such cases of multicollinearity, power is reduced but unbiased estimates can be obtained. Since these findings did not reach significance in the overall model, great care must be taken in forming definitive conclusions regarding Authority Advantage. This subsequent analysis was performed, therefore, only to lend insight into the nature of the Authority Advantage predictor, and its relationship with Performance. In the alliances explored presently, a lack of Authority Balance could reflect either an Authority Advantage that favors the Mexican firm or an Authority Advantage that favors the U.S. firm. This fact required the separate operationalization of Authority Advantage to reflect which party was favored by any reported Advantage. Given the +1/-1 dummy coding scheme for Authority Advantage (+1 indicates advantage to the Mexican firm, -1 indicates advantage to the US Firm), the negative and significant coefficient for Authority Advantage indicates that Mexican firms associate authority balance with alliance performance *even when an advantage in authority works in their favor.* The interaction between Trust and Authority Advantage is positive and significant—trusting relationships exacerbate/make stronger/worsen the negative relationship between Authority Advantage and Performance. This result is exactly contrary to that for the Trust x Authority Balance Interaction. In that case, Trust weakens the positive relationship between Authority Balance and Performance—indicating that Trust and Authority Balance can serve as quasi-proxies for one another. Again, due to the methodological problems highlighted here, the reader should take care in forming conclusions surrounding the Authority Advantage construct.

estimates for these variables are not included in the results summary. The relationship between authority advantage and performance (as well as the authority advantage * trust interaction term and performance) were later assessed, however, by ignoring the multicollinearity between these and the previous predictors. In such cases of multicollinearity, power is reduced but unbiased estimates can be obtained. Given the +1/-1 dummy coding scheme for authority advantage (+1 indicates advantage to the Mexican firm, -1 indicates advantage to the US Firm), the negative and significant coefficient for authority advantage indicates that Mexican firms associate authority balance with alliance performance *even when an advantage in authority works in their favor.* The interaction between trust and authority advantage is positive and significant—trusting relationships exacerbate the negative relationship between authority advantage and performance—likely owing to the internal inconsistency between trust and advantage.

U.S.-MEXICAN ALLIANCE NEGOTIATIONS AND OUTCOMES: CHALLENGES AND OPPORTUNITIES

Different conceptions of trust, authority, and other culturally-bound views of alliance negotiations between U.S. and Mexican counterparts have presented both challenges and opportunities for the practical management of alliances. We gathered information from primary and secondary sources on the actual experiences of managers involved in U.S.-Mexican alliances. In this section, we provide some examples of these alliance experiences in order to amplify the findings reported above and to highlight other aspects of cultural contributors to alliance negotiation and management.

Cultural Contributors to U.S.-Mexican Alliance Failure

"There are many reasons why corporate marriages between Mexican and US companies fail," according to Richard Sinkin, managing director of InterAmerican Holdings, a consultancy based in San Diego California, which advises US companies doing business in Mexico. Sinkin says U.S. and Mexican companies often get together for the wrong reasons (Crawford, 1998). Unless the two partners contribute resources that are complementary and mutually beneficial to the marriage, the alliance soon flounders (Depalma, 1994). This observations echoes the findings of the data reported above related to the importance of authority balance. From the perspective of Mexican partners, it is important that the partners perceive a balanced control over the direction of the alliance, even when the nature of the resource contribution may be asymmetrical, for example, with one party contributing technology and the other distribution.

In 1998, Anheuser-Busch had a falling out with its fellow Mexican shareholder, Grupo Modelo, Mexico's leading beer company, after investing more than $1 billion in Modelo since 1993. Anheuser-Busch ended up seeking binding international arbitration over its right to exercise stock options in Diblo, Modelo's unlisted operating subsidiary (Crawford, 1998). The dispute centered on the valuation of Diblo's business and the definition of corporate earnings. When Anheuser-Busch bought 10 per cent each of Modelo and Diblo for $470 million in 1993 on the eve of Mexico's accession to the NAFTA the US brewer also acquired rights to increase its shareholding in both companies within four years at a strike price of 19 times earnings (Crawford, 1998). However, with Modelo trading at 38 times earnings in 1998, valuing the company at 58 billion pesos ($6.8 billion), controlling shareholders were reluctant to part with their shares at the pre-determined price. Anheuser-Busch announced, in June 1997, that it intended to exercise its remaining option to acquire an additional 13 per cent in Diblo for approximately $550 million, causing a row between the US brewer and its Mexican partners becoming over how Diblo's earnings were to be calculated (Crawford, 1998).

August Busch, chairman of Anheuser-Busch and honorary member of Grupo Modelo's board of directors, believed he had already settled this matter. In December 1996, board members say, Mr. Busch paid Modelo's controlling shareholders $60 million to settle an earnings definition dispute as part of a $605 million deal that increased Anheuser-Busch's stake in Modelo to 35 per cent (Crawford, 1998). In late 1998, Mexican shareholders revived the dispute. They insisted the valuation of Diblo's earnings should include profits from non-consolidated subsidiaries, while Anheuser-Busch argues it will only pay for companies in which Diblo owns majority control. The different interpretations are many millions of dollars apart, given that Modelo and Diblo have more than 150 subsidiaries, associates and operating affiliates. After six months of no headway in the dispute, the dispute went to international arbitration.

These different views of the approach for negotiating a resolution to the dispute may reflect different views by Mexican and U.S. managers toward authority balance versus authority advantage, concepts that are, in turn, influenced by different cultural perspectives. Specifically, Mexican firms may tend to take a more collectivist, "we're all in this together," perspective, while American managers may focus more narrowly on financial return to their firm, as opposed to the long-term survival of the relationship, a perspective directly related to a high individualism, low uncertainty avoidance cultural outlook.

In the fall of 1991, Corning and Vitro had announced the creation of a joint venture agreement in which two corporate entities were established -- Corning-Vitro in the U.S. and Vitro-Corning in Mexico (Banks, 1993). Corning would own 51 percent of Corning Vitro in the United States while Vitro owns 51 percent of Vitro Corning. When the transaction was completed, each company would own 100 percent of its consumer glass business. Vitro merged its tableware glass divisions with Corning's consumer-goods cookware and dinnerware divisions (Banks, 1993). Corning also transferred its Brazilian laboratory and ophthalmic products assets and business to Vitro-Corning. Vitro paid $131 million to Corning in the deal. The two companies were to become an economically integrated entity with mutual technology, trademark, copyright, and licensing arrangements, as well as ongoing research and development activities (Banks, 1993). Under the agreement, the two firms would market their combined product lines with well-established distribution operations.

Early on, however, Vitro felt that Corning was not sharing its most advanced technology with Vitro, reinforcing the notion that there was an asymmetry in the relationship, and jeopardizing previously established trust between the partners. In addition, there were decision-making styles that further exacerbated this perception. Vitro executives sometimes saw the Americans as too direct, while Vitro managers, in their pursuit of politeness, sometimes seemed to the Americans unwilling to acknowledge problems and faults, reflecting a more consensual approach typical of collectivist cultures. The Mexicans sometimes thought Corning moved too fast and without first consulting its counterparts; the Americans felt Vitro was too slow (Depalma, 1994).

Another difference quite obvious from the beginning was the manner of making decisions, and the time it took to make them. "If we were looking at a distribution decision, or a customer decision," said one Corning official, "we typically would have a group of people in a room, they would do an assessment, figure alternatives and make a decision, and I as chief executive would never know about it. My experience on the Mexican side is that someone in the organization would have a solution in mind, but then the decision had to be discussed at several levels in the hierarchy" (Depalma, 1994). This observation reflects high power distance nature of Mexican management, and the tendency to seek to minimize uncertainty (uncertainty avoidance), as well as a more collectivist approach to decision-making and authority over management.

Even the way the two firms responded to the venture’s failure might reflect cultural differences between the U.S. and Mexico. Americans are normally willing to discuss what went wrong and learn from it, while Mexicans are often reluctant to criticize anyone, especially a partner, preferring simply to focus on the fact that the marketing arrangement between the companies continues in spite of the breakup. In interviews, Vitro executives expressed dismay that Corning officials had spoken so openly. In response to comments by one Corning executive’s description of the reasons for the alliance’s failure, a Vitro executive said "It is unfortunate that he made those comments."

The president of Vitro, Eduardo Martens, denied that corporate cultures in Mexico and the United States differ any more than the cultures of any two corporations. But in an interview with the Harvard Business Review a year before the alliance break-up, he said, "Business in Mexico is done on a consensus basis, very genteel and sometimes slow by U.S. standards" (Nichols, 1993). This observation highlights the importance of consensus and balance in decision-making with Mexican alliance partners.

Lessons for Alliance Negotiations in Mexico

To varying degrees, such cultural issues have plagued many mergers and alliances with their roots in the increasing integration of the U.S. and Mexican economies, and more increasingly, the entire Hemisphere. "Mexico initially appears to be the United States except that people speak Spanish," according to Harley Shaiken, a labor economist who often works in Mexico (Depalma, 1994). "That's just not the case, which everyone finds out in the short term rather than the long term." The NAFTA may have created false expectations about how much like the United States Mexico has become. In discussing cultural differences, it's difficult not to slip into stereotypes about "manana" -- Mexicans who move at a slower pace (Depalma, 1994). But what the gap separating the two business cultures really amounts to is a different approach to work, reflected in everything from scheduling to decision-making to etiquette, and as noted above, views of authority and power.

When Banc One of Columbus, Ohio, was contracted to assist Bancomer, one of Mexico's largest banks, in setting up a consumer credit card operation, it found that cultural differences made working difficult because simple things like scheduling meetings became ballets of clashing customs (Depalma, 1994). The Americans were used to eating lunch at their desks, but in Mexico City, bankers go out, often for hours, for leisurely meals. The solution: full lunch in the company dining rooms—people were given the time needed to enjoy a meal with colleagues where personal relationships could be fostered, yet the focus of this relationship-building was constrained to the organization. There was also a problem with schedules because Mexicans, with their long lunches, typically have a much longer work day, starting at 9 and often lasting until 9 at night. So Bancomer executives wanted to hold 7:30 p.m. meetings, and even then were often late, but Banc One advisers wanted to be home by that time (Depalma, 1994). The solution:

Meetings could be held into the evening, but a piggy bank was placed on the center of the table and anyone arriving late had to pay a few pesos per minute.

Cultural differences are viewed by many observers as the most important challenge in doing business in Mexico. Although such differences may become less important over time, they remain at the core of many problems in U.S.-Mexican partnerships. The differences in legal contracts and relationships are but one of many ways in which cultural differences manifest. For example, according to one U.S. manager, in Mexico, the terms of a contract "are kind of ideal things that you strive to achieve," through a consensual negotiation, "while in the U.S. they are law." (Depalma, 1993). This distinction can be explained by cultural differences. More collectivist cultures like Mexico would inherently recognize the importance of managing on-going relations despite the stipulations of a legal contract. This predominance of relationships may insulate individuals and firms dealing in uncertain and dynamically changing environments like that of Mexico.

While executives in Mexico can expect the unquestioned loyalty of employees, foreign partners are sometimes initially viewed with mistrust. Horace E. Scherer, director general of Hobart Dayton Mexicana, the Mexican subsidiary of the Hobart Corporation, said his salespeople must often make four trips to complete one transaction because of that lack of trust and the importance placed upon taking the time for trust-building before finalizing contracts (Depalma, 1993). To sell the company's scales and other equipment, a salesperson starts with a visit to the client's top official. If a sale is made, a representative of the company itself must deliver the goods because the customer won't accept delivery from DHL or some other service. If all the papers are in order on delivery, the company representative is told to come back on an appointed day to present an invoice, in person, and if the invoice is accepted an appointment is made to return to receive payment. This observation reinforces the notion that while authority balance is vitally important to Mexican managers, its importance may decline when Mexican managers perceive that a trusting relationship exists.

CONCLUSIONS AND IMPLICATIONS

In this paper, we have explored the unique features of Mexican culture and proposed how these features affect alliance negotiations between U.S. and Mexican counterparts. In the first part of the paper, we discussed cultural factors that affect alliance governance preferences and alliance performance. In the second part of the paper, we reported results from a survey that demonstrate how Mexican managers view authority (balance vs. advantage for the alliance governance structure) and trust (regarding the on-going alliance relationship), as they affect alliance performance. The final section described a number of challenges and difficulties experienced by U.S. and Mexican alliance partners to further illustrate these and other cultural contributors to alliance performance.

Since this investigation focuses primarily on Mexican perspectives of alliance negotiation and success, we believe the results from Hofstede's initial findings, the results of our survey, and the case illustrations presented here, together provide powerful guidance to managers considering alliance negotiations with Mexican counterparts. Moreover, with increasing business contacts between U.S., Canadian, European managers and Latin America companies, and given some cultural similarities among Latin American countries as seen in Table 2, we believe these findings can be a useful first start in informing other alliance negotiation situations throughout the Americas.

Our findings offer managers pursuing international alliances in Latin American countries specific guidance concerning how they approach alliance negotiations, and perhaps as importantly, how to anticipate problems that may arise in the course of an alliance life-cycle, given that alliances truly represent perpetual negotiations among the partnering firms. Specifically, Mexican managers value authority balance as a major contributor to alliance performance. Authority advantage, *even at the favor of the Mexican partner*, is viewed as a negative contributor to alliance performance. Trusting relationships are perceived to promote better alliance performance. Lack of trust exacerbates the negative impact of authority advantage to alliance performance, but dampens the positive impact of authority balance, suggesting that a balanced power relationship is not as important when there is significant trust. Hence, companies pursuing alliance relationships that they hope to be long-lived in Mexico should pursue negotiating goals accordingly. From the Mexican perspective, authority balance does enhance performance, but authority advantage detracts from it. Thus, based upon this sample, firms are urged to focus on balancing authority in their alliances with Mexican firms. We tentatively suggest that allying with firms from cultures with similar makeup to that of Mexico—and in particular with firms from highly collectivist cultures— might expect similar results. Future work examining these relationships in other cultural milieu can confirm this suggestion. Particularly fruitful extensions of this work would include examination of perceptions of cross-border alliance managers from both sides of the alliance. Although outside the scope of this study, incorporation of U.S. perceptions, reflecting quite different cultural values, would be most useful.

As noted above, differences in the nature of resource contributions (technology from one partner, distribution from another, for example) are what create value in alliances through specialization and the combination of complementary assets. These differences, however, may at times disrupt a balanced authority relationship. Balancing authority may be difficult because of natural asymmetries in resource contributions, or because of different expectations and alternatives to the alliance. In these instances, firms should seek to establish a trusting relationship as a way to prevent the lack of balanced authority from disrupting the performance of the alliance.

These findings were amplified by the cases of failure in U.S.-Mexican alliances. Companies seeking alliances with Mexican counterparts must take the time to establish trusting relationships, perhaps even to a greater degree than in other regions. Establishing an atmosphere of trust may help mitigate instability that can result from unbalanced authority relationships. Alternatively, if Mexican counterparts perceive the authority relationship to be balanced, then trust, while still important, may not be as vital.
The case studies highlighted other aspects of U.S. and Mexican cultural differences that may pose challenges to managers seeking joint ventures in Mexico or other culturally-similar nations. Specifically, Mexicans have more respect for power distance in

relationships, are more prone to avoid uncertainty, and are much less individualistic than their U.S. counterparts. All of these differences are shown to create challenges for the initial negotiation and subsequent negotiation and management of U.S.-Mexican alliances, along with practical considerations dealing with differences in language, work habits, holidays, and other considerations.

Although there is evidence of increasing cultural convergence between countries around the world, cultural differences among countries will persist. In this paper, we have shown that these differences can affect specific approaches to, and expectations from, alliance negotiations. Most important, recognizing these differences can help managers anticipate problems in negotiating alliances and prevent them from disrupting what can be an attractive and mutually-beneficial market entry strategy.

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APPENDIX: SURVEY/OPERATIONALIZATION OF CONSTRUCTS

Description of Survey Procedure

A pretest was undertaken in the in Monterrey, Nuevo Leon, Mexico with thirteen firms with collaboration experience with a U.S. partner. A key informant (executive in the Mexican firm who was directly responsible for the alliance and who was in charge of the alliance at the initiation of collaboration) was interviewed. Geringer and Hebert (1991) have found support for the validity of key informant reports in this type of research. The questionnaire was translated through a back-translation/de-centering approach until functional and conceptual equivalence had been gained between the English and Spanish versions. After completing the questionnaires, the pretest respondents as well as Mexican business consultant and academic experts on alliances were consulted regarding to item-to-construct correspondence as well as the proposed model in the research for validation. These discussions were consistent with the propositions presented here.

News releases of Mexican partner alliances in the Mexican and U.S. press from 1987-1992 were compiled for final data collection, resulting in the identification of 180 Mexican-U.S. alliances. Faxes were sent to these firms and were also sent to 1,200 members of various industry associations and the American Chamber of Commerce in Mexico seeking to identify other relevant (Mexican-U.S.) alliances. A fax reply form was appended with key informant and other firm/collaboration identification information for return (to a local phone number) by those willing to participate. This stage resulted in 148 firms that were willing and appropriate for participation. Firms were deemed appropriate for inclusion in the sampling frame if they met the following conditions: (1) The firm had negotiated a strategic alliance (including equity joint ventures and non-equity partnerships) with a U.S. firm, (2) The key informant—the manager who had negotiated the alliance--continued to be the manager of the alliance and was available to respond to the questionnaire, (3) The firm was not allying with a related firm (e.g. cross-holding of shares of parent companies, members of same conglomerate, etc prior to forming the alliance). The construction of a sampling frame was necessary since no definitive source or directory of business alliances existed in Mexico at the time. The final sample firms are all located in the Mexico City metropolitan area. The potential respondents were prescreened via telephone calls to the indicated key informant to verify qualification in participating. Of the firms reached, a final usable (appropriate and confirmed willing) sampling frame of 82 potential key informant respondents resulted.

For each of the 82 firms, an appointment was set with the key informant, and the survey instrument was delivered via messenger (necessary given postal constraints/unreliability in Mexico). The informant was instructed to complete the questionnaire prior to the interview, set two weeks hence. Each interview was confirmed one day prior to the pre-arranged date. In the interview, the survey responses were "frozen", and then several questions were posed to verify that the key respondent had personally responded to the survey. In several cases, the surveys had to be discarded as it became apparent that the key informant had not personally responded to the survey. Other firms were not included due to scheduling conflicts, missing data, or subsequent determination of common business group/conglomerate membership with their partner firm. The final sample size was 55 key informants from Mexican firms allying with U.S. firms. None of the Mexican firms in the sample were related to one another and each had unique U.S. partners, thus preserving complete independence of the sampled firms. The sampled firms represent many different industrial sectors and belong to a wide range of alliance types including joint ventures, distribution accords, franchises and technology transfers. No apparent distinctions between the sampled firms and those who were not sampled were noted along the lines of firm size (previous year reported sales) or industry.

Operationalizations

All questions used a 7 point Likert scale anchored at 7: totally agree and 1: totally disagree unless otherwise indicated.

AUTHORITY BALANCE = PD8 + PD14+PD22+PD26 (single component factor analysis result)

AUTHORITY ADVANTAGE* = PD9 + PD15 + PD23+PD27 (single component factor analysis result)

PD8: Power is shared in this alliance
PD9: Who has more power? Partner (-1) Our firm (1) Equal (0)
PD14: Strategic decision making is shared equally between us and our partner in the alliance.
PD15: Who makes more strategic decisions? Partner (-1) Our firm (1) Equal (0)
PD22: Our firm has equivalent authority in the alliance
PD23: Who has more authority in the alliance? Partner (-1) Our firm (1) Equal (0)
PD26: Our influence in the alliance is equal to that of the partner
PD27: Who has more influence? Partner (-1) Our firm(1) Equal (0)

*Note that *authority balance* and *authority advantage* conceptually represent opposite ends of a continuum. An alliance would be characterized *either* by authority balance *or* by authority advantage. However, in the case of authority advantage two distinct conditions may be present: where the Mexican partner holds the advantage *or* where the US partner holds the advantage. These two conditions are captured in the (separate) operationalization of the authority advantage construct through –1/+1 dummy coding with positive coding reflecting an advantage to the Mexican partner.

TRUST = TR1 + TR3 + TR4 + TR6

TR1: The employees of the partner firm are very reliable.
TR3: There is good reason for trusting the employees of the partner firm.
TR4: The members of the partner firm know what they're talking about.
TR6: The members of the partner firm are among the most honest I know.

PERFORMANCE=S1+S17

S1: The alliance was the best option for our firm in terms of the current economic situation.

S17: We have achieved the goals and objectives that we had set at the beginning of the alliance.

All constructs were assessed for reliability, validity and unidimensionality. The hypothesized relationships among the validated constructs were assessed via Moderated

Multiple Regression Analysis -- MMRA (Sharma, Duran and Gur-Arie; 1981; Baron and Kenny, 1986). MMRA is an analytical technique that allows the researcher to identify the form as well as magnitude of a variable's moderation of (a set of) predictor variables. The results of the data analysis are indicated in Table 3. Regression diagnostics for each model were assessed including tests of normality, multicollinearity, linearity, residuals, independence, heteroscedasticity, outliers and influential points. The reported model (Table 3) was consistent with standard regression assumptions.

Table 1

Trade Agreements Under Negotiation or in Effect in the Western Hemisphere

Multilateral Agreements	WTO/GATT		
Regional Scope Agreements	FTAA	LAIA/ALADI	
Customs Unions	Andean Community	CARICOM	
	CACM	MERCOSUR/ MERCOSUL	
Temporary Non-Reciprocal Agreements	CARICOM - Dominican Republic	CARICOM - Venezuela	CARICOM - Colombia
General Association and Cooperation Agreements	Association of Caribbean States	Third Declaration of Tuxtla	
Free Trade Agreements (Subregional)	Colombia, Mexico, and Venezuela (G3)	Central America - Chile	Mexico - European Union
	NAFTA	Bolivia - Mexico	Mexico - Nicaragua
	Canada - Chile	Costa Rica - Mexico	Canada - Costa Rica
	Central America - Dominican Republic	Chile - Mexico	Mexico - Northern Triangle (El Salvador, Guatemala and Honduras)
Bilateral Agreements (Economic Complementation, Free and Preferential Trade, and Partial Scope)	*Signed by:*		
	Argentina	Dominican Republic	Nicaragua
	Bolivia	Ecuador	Panama
	Brazil	El Salvador	Paraguay
	Chile	Guatemala	Peru
	Colombia	Honduras	Uruguay
	Costa Rica	Mexico	Venezuela

Adapted from OAS, 2001

Table 2

Hofstede's Cultural Ratings for U.S. and Key Latin Countries

	Power Distance	Uncertainty Avoidance	Individualism	Masculinity
U.S.	**40**	**46**	**91**	**62**
Mexico	**81**	**82**	**38**	**69**
Canada	39	48	80	52
Argentina	49	86	46	56
Brazil	69	76	38	49
Colombia	67	80	13	64
Peru	64	87	16	42
Venezuela	81	76	12	73
Spain	57	86	51	42
Portugal	63	104	27	31

Source: Hofstede (1980)

Table 3: MODERATED MULTIPLE REGRESSION RESULTS

MODEL SUMMARY

Predictor in Model	Model Adjusted R square	R Square Change	F Change	Significance of F Change
Trust	.393	.404	35.987	.000
Trust & Authority Balance	.434	.051	4.848	.032
Trust, Authority Balance & Authority Balance * Trust (interaction)	.483	.057	5.958	.018

STANDARDIZED COEFFICIENTS SUMMARY

PREDICTORS	BETA—STD. COEFFICIENTS	t STATISTIC	SIGNIFICANCE
Trust	1.236	4.221	.000
Authority Balance	1.158	2.958	.005
Authority Balance x Trust (interaction)	-1.312	-2.441	.018