## **ABSTRACT**

The turbulence in business environment and limited resources are some reasons that make companies do business alliances to keep their competitive advantage. Distribution network and supplier-buyer relationship which happen between PT Kajasa and its partners can be categorized as alliance. PT Kajasa is the official agent of Pertamina to distribute LPG (Liquid Petrolium Gas) in Kabupaten Kendal and Semarang.

Despite of research and fenomena in business environment state that the failure rate of alliance is high, PT Kajasa shows the contrary. The purpose of this research is to know which resource has more influence to alliance performance through trust in strategic alliance. Using the resource based view and relational view as theory background, this research is using reputation (as intangible asset) and tangible strategic asset to trust, and alliance performance as attributes.

Sample in this research are the whole population of 155 distribution partners of PT Kajasa. A total of 135 questionnaires were returned and analyzed using Structural Equation Modeling (SEM). Analysis result shows that reputation and tangible strategic asset affect trust to improve alliance performance, directly and indirectly. Data analysis answers the research question and shows that tangible strategic asset has more influence to trust in order to improve alliance performance, compares to reputation. PT Kajasa has to pay more attention to its physical office appearance, delivery armada, warehouse safety and its LPG supply, in order to increace the level of trust from its alliance, and finally to improve its alliance performance.

Keywords: strategic alliance, reputation, tangible strategic asset, trust, alliance performance.