**Gordon Institute
of Business Science**
University of Pretoria

**International strategic alliance failure: The lived experience of international
business practitioners in Sub-Saharan Africa**

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Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

Abstract

International strategic alliances are seen as popular mechanisms for new market entry and gaining access to resources and technology. Despite their popularity, the failure rate of strategic alliances still remains high. The causes of strategic alliance failure are not clearly understood in academic literature. Using an anchoring theory of transaction cost economics and opportunism, this study investigated the topic of strategic alliance failure. This is further supported by Park's and Ungson's integrative model on strategic alliance failure. Through a phenomenology study, the lived experiences of international business practitioners operating in Sub-Saharan Africa were studied. The aim was to create an extension of Park's and Ungson's model with a specific focus on the opportunism construct. Forms of opportunism found include opportunism as intentional deceit, benevolent preference reversal, good faith reprioritisation, over-commitment, and lastly identity-based discordance. The reasons for alliance failure include poor partner and cultural fit, inappropriate governance, misalignment of expectations, non-commitment of roles and responsibilities, and lastly adverse macroeconomic conditions. These findings are relevant amongst the heavy industrial sector in Sub-Saharan Africa with prominent representation from Nigeria, Kenya, and South Africa.

Keywords

Table of Contents

List of Figures

List of Tables

Chapter 1: Problem Definition and Purpose

1.1 Introduction

This chapter introduces the research problem, which is split into both the practical and theoretical problem. Thereafter, the research purpose and significance of the study will be discussed. The significance of the problem includes elements for business and academia. Lastly, a document structure will be provided.

1.2 Practical Problem

International strategic alliances have been seen as popular mechanisms for new market entry and the ability to leverage new resources, technologies and capabilities (Balboni et al., 2018; He et al., 2020; Kohtamäki et al., 2018; Madhok et al., 2015). A strategic alliance is, "an agreement between two or more independent companies to co-operate in the manufacturing, development, or sale of products and services, or other business objectives" (Corporate Finance Institute, n.d., p. 1). The shape and design of strategic alliances are either equity or non-equity, affiliate or non-affiliate franchises or vertical and retailer alliances (Gomes et al., 2016). The primary contribution from international partners includes technology, managerial expertise and global business support (Inkpen & Beamish, 1997). The utility of strategic alliances has moved beyond new market entry, with a focus now being placed on access to technology and knowledge to improve competitive positioning (He et al., 2020; Madhok et al., 2015). Other strategic benefits include expanding market coverage, the creation of economies of scale, reduction of risks, and the opportunity to learn new skills and technologies from the access to shared resources (McCutchen et al., 2008).

Competitive factors often see the creation of strategic alliances with the intention to reduce rivalry amongst alliance partners or minimise contractual hazards (Kogut, 1989), yet competitive behaviours can only be imperfectly redressed due to the inability to create fail-safe contractual protections (Hennart, 2010). Despite the positive utility from forming strategic alliances, the failure rate amongst strategic alliances remains above 50% (Gomes et al., 2016; Parameswar et al., 2021; Park & Ungson, 2001; Rajan et al., 2020).

1.3 Theoretical Problem

There has been extensive work done on success factors of international strategic alliances (Kohtamäki et al., 2018; Niesten & Jolink, 2015 Robson et al., 2019; Russo & Cesarani, 2017), yet less so on causes and types of international strategic alliance failures (Gomes et al., 2016; Parameswar et al., 2021; Rajan et al., 2020). Success factors include an appropriate form of governance, correct or suitable partner selection, cultural fit, and effective alliance management (Gomes et al., 2016). A successful strategic alliance is able to manage the co-existing presence of both competition and coopetition between the partners (Arslan, 2018; Park & Ungson, 2001; Russo, 2017). When considering causes of strategic alliance failure, some aspects include failure due to internal politics of the organisation, effects of different national cultures, organisational similarity and economic motivation for strategic alliance dissolution (Gomes et al., 2016).

The aim of this research was to understand what types of opportunistic behaviours have been experienced by directors, board members, senior managers and transaction advisors involved in international strategic alliances failures operating in Sub-Saharan Africa (SSA). This group of individuals will be referred to as international business practitioners. Additionally, this research also sought to understand the other causes of failure that business practitioners had experienced. Failure is relative to the alliance context and the alliance literature refers to alliance failure as termination or instability (McCutchen et al., 2008; Parameswar et al., 2021; Rajan et al., 2020). A terminated alliance takes the form of alliance dissolution, divestment of a partner's shares, or instability (Gulati, 1999).

The study utilised the framework developed by Park and Ungson (2001), which is underpinned by Oliver Williamson's Transaction Cost Theory (TCT) (Williamson, 1979). The framework developed by Park and Ungson (2001) posits two main sources of alliance failure: managerial complexity and interfirm rivalry. Of specific consideration for this study is interfirm rivalry leading to opportunistic hazards or behaviours which result in alliance failure or termination. This was selected as it sits at the level of the partners or shareholders, above the organisational level (Park & Ungson, 2001).

The lifecycle of strategic alliances can be split between pre-agreement and post agreement phases (Gomes et al., 2016). Considerations for the different phases of strategic alliances as noted by Gomes et al. (2016) are depicted in Table 1 below:

Table 1: Alliance Lifecycle Considerations

Pre Agreement Phase	Post Agreement Phase
• Motives for collaboration • Joint ventures as strategic choice • Due diligence • Partner selection • Negotiations • Alliance contract	• Management of alliance • Cross cultural understanding • Alliance performance *Consists of the operational and evaluation phases

1.4 Purpose of Research

The purpose of this research was to understand what types of alliance failures are experienced by international strategic alliances and what caused those failures, as informed by the international business practitioners. The research sought to uncover whether opportunism on behalf of the partners influenced failure.

This research adds a SSA context to the currently under studied body of knowledge on alliance failure (Gomes et al., 2016; Parameswar et al., 2021; Rajan et al., 2020), as the scope of this research was limited to multi-national corporations engaged in international strategic alliances in SSA which have experienced failure. Most academic literature focuses on success factors (Kohtamäki et al., 2018; Robson et al., 2019; Russo & Cesarani, 2017), but there is not an extensive body of knowledge that looks into failure and its causes.

This research sought to assess lived experiences of alliance failure gathered from individuals using a phenomenological strategy. The main construct is centred around opportunism and how opportunistic behaviours may contribute towards alliance failure (Mellewigt et al., 2019; Mikami et al., 2022; Musarra et al., 2021; Verbeke et al., 2019). This construct is taken from Park's and Ungson's (2001) integrative model of alliance failure and supports the research question of this study. Oliver Williamson famously described opportunism as "self-interest with guile" (Williamson, 1979, p. 234), which

described the self-interested intent of a party to achieve unequal benefit from a governance mechanism.

1.5 Significance of the Study

It is noted that strategic alliances are not designed to have an indefinite life and they are all terminated eventually because they are meant to. This research therefore focused on unintended termination (McCutchen et al., 2008). Unintended termination refers to an unresolvable conflict between the partners, failure of the venture or dissolution (Kogut, 1989). The significance of the study is split between the business need, theoretical need, and personal need of the researcher. These sections are laid out below:

1.5.1 Business Need

The business need for the study is justified as unintended and premature alliance failures have resulted in uncompensated transfers of technology and rents, and misuse of intellectual property or proprietary information accompanied by operational challenges (Kogut, 1989; McCutchen et al., 2008; Park & Ungson, 2001). The unintended termination of alliances is a costly exercise also leads to issues related to business continuity when it comes to serving customers (Gulati & Singh, 1998). Research on alliance terminations began in the late 1990's (Parameswar et al., 2021) and has become of keen interest to researchers, considering the liberalisation of trade rules on foreign direct investment in emerging markets (Hohberger et al., 2020; Hu et al., 2021).

It is aimed that with additional knowledge on types and causes of alliance failure, international business practitioners would be better equipped to organise their strategic alliances for success. The insights on alliance failure are relevant to the different phases of the alliance lifecycle noted in Table 1. The alliance governance mechanism remains complex with the varying utility from strategic alliances evolving with the change in the business environment (He et al., 2020; Madhok et al., 2015).

1.5.2 Theoretical Need

The theoretical need for this research is to add to the body of knowledge on strategic alliance failures, specifically in the SSA context, as the literature on strategic alliance failure remains scarce and underdeveloped (Gomes et al., 2016; Parameswar et al., 2021; Rajan et al., 2020). Research on the African continent remains even more scarce (Oguji & Owusu, 2021). Theoretical underpinnings to explain alliance failure also require further development. The use of transaction cost economics (TCE) has been most widely used (Rajan et al., 2020). Due to the varying theoretical lenses used to study alliance failure, it is also difficult to cross-validate findings from different studies due to their differing views on alliance outcomes (Parkhe, 1993). This is a justification for using explorative qualitative analysis to understand the causes of alliance failure from which further theory-building can develop.

1.5.3 Researchers' Personal Need

The researcher's personal professional experience has been in the transaction advisory field, mainly focusing on divesting or terminating failed alliances. This is a costly endeavour and brings about reputational harm as the failed alliances have led to poor service delivery to customers and poor business continuity. The cost to terminate alliances spans beyond the dissolution of the alliance and includes business continuity service provisions, the use of professional consulting services and the risk of damage penalty claims. The researcher's personal experience of the phenomenon can be found in Section 4.2.7.1.2. The researcher anticipates that by understanding alliance failure, he can better advise strategic alliances in his professional capacity in the future.

1.6 Structure of the Thesis

This document includes a theoretical review of the literature in Chapter 2. This supports the study's research questions in Chapter 3. The review of the literature focusses on strategic alliance failure, TCE and opportunism. Thereafter the study's research questions are noted, which is followed by details of how the study was performed in Chapter 4. This study utilised a phenomenological strategy (Sanders, 1982) and the requirements for such a study is laid out in Chapter 4. The results of the semi-structured interviews are presented in Chapter 5 by research question. This is followed by a discussion of the results in Chapter 6 also by research questions, which seeks to

compare and contrast the results of this study to the academic literature. Finally, conclusions are drawn from the research in Chapter 7 and suggestions for further research are provided.

1.7 Conclusion of Introduction

Although a popular governance mechanism to gain access to new market and technologies (Balboni et al., 2018; He et al., 2020; Kohtamäki et al., 2018; Madhok et al., 2015), strategic alliance failure rates still remain high (Gomes et al., 2016; Parameswar et al., 2021; Park & Ungson, 2001; Rajan et al., 2020). This research sought to understand the types and causes of alliance failure. The construct of opportunism (Mellewigt et al., 2019; Mikami et al., 2022; Musarra et al., 2021; Verbeke et al., 2019), which is grounded in TCE (Niesten & Jolink, 2015) was used at the main theoretical underpinning.

Chapter 2: Literature Review

This chapter explores the literature on strategic alliances, strategic alliance failure, the relevance of TCE and alliance failure and, lastly, the main constructs of opportunism or opportunistic behaviours in alliances and alliance failure. This is aligned with the research purpose as detailed in Section 1.2. Table 2 below details the structure of this chapter:

Table 2: Literature Review Structure

#	Literature Review Section	Purpose
2.1	International Strategic Alliances in Africa	o Describe current use and context of international strategic alliances in Africa
2.2	Strategic Alliance Failure	o Describe strategic alliance failure
2.3	Transaction Cost Economics Oliver Williamson's Transaction Cost Theory	o Anchoring theory for study o Link between strategic alliance failure and transaction cost economics
2.4	Park's and Ungson's Integrative Model on Alliance Failure	o Qualitative model which supports research questions for the study o Model is based on transaction cost economics

2.5	Opportunism / Opportunistic Behaviour	o Review of opportunism as per Park's and Ungson's (2001) model:
		    o Definitions
		    o Behavioural assumptions
		    o TCE and opportunism
		    o Forms of opportunism

2.6	Trust, Reputation and Commitment	o Review of trust, reputation and commitment as per Park's and Ungson's (2001) model
2.7	Relationship Between Competition and Coopetition	o Conditions affecting cooperative and competitive behaviour o Park and Ungson (2001) introduced in-situ conditions that affect alliance failure o Purpose of qualitative interviews to find in-situ conditions relevant to study's context
2.8	Conclusion	o Conclusion of chapter and support for research questions in chapter 3

2.1 International Strategic Alliances in Africa

The economic involvement of international firms in Africa has increased in popularity, yet research on the nuances of the contextual and cultural differences among the countries on the continent is limited (Oguji & Owusu, 2021). The use of strategic alliances in SSA is growing and this can be attributed to the change in the socio-economic and demographic characteristics of the consumers in this market (Amankwah-Amoah et al., 2018). The change in conditions has seen more multinational firms seeking to enter this market through unique approaches to international marketing, such as forming strategic alliances (Amankwah-Amoah et al., 2018). There is also an upward trend of African firms expanding their footprint into Africa and competing with other multinationals not of the African continent (Boso et al., 2018).

International strategic alliances have become of keen interest in the area of strategic management due to the increased liberalisation of rules of trade, which has seen an increase in international commerce (Parameswar et al., 2021). Other contributing factors include the liberalisation of rules on foreign direct investment (FDI) especially emerging markets, which allows businesses to participate in greenfield projects (Asgari et al., 2018; Hohberger et al., 2020). The increase in FDI inflows from multinational enterprises expanding their operations into the African continent has also had a positive effect on institutional development (Fon et al., 2021).

The approach of multinational corporation's expansion across SSA follows classic internationalisation theory, in which Coase (1937) explained that multinational enterprises are formed when the benefits of international expansion outweigh the costs (Hennart, 2010; Williamson, 1979). International business ventures have been challenged by volatility in operating conditions, yet the technological interconnectedness and economic interdependencies are guiding investment decisions towards pursuing international expansion (Irwin et al., 2022). Buckley and Casson (2020) stated that internationalisation is not simply a 'make or buy' decision as is the consideration of TCE theory, but that it may serve as a strategic weapon that can exclude competitors from certain desirable markets. Further, Buckley and Casson (2020) argued that internationalisation theory is implicitly related to the manufacturing industry and that services have become equally as tradable in international business.

2.2 Strategic Alliance Failure

Strategic alliances, as described by Parameswar et al. (2021), are mutual cooperative arrangements or agreements that intend for more than one party to combine their resources to meet a strategic objective. The utility of an alliance has evolved from a form of market entry to an opportunity to gain access to new technologies and knowledge that can enhance competition in the industry (Kohtamäki et al., 2018; Madhok et al., 2015).

The literature on strategic alliances is split between success factors, which is more developed (Gomes et al., 2016; He et al., 2020; Niesten & Jolink, 2015), and causes of failure (Parameswar et al., 2021; Rajan et al., 2020), which have been addressed to a lesser extent. The literature on strategic alliance failure still remains at the nascent phase, with scholars using TCE (Cuypers et al., 2021; Williamson, 1979), organisational learning theory (Subramanian et al., 2018) and behavioural theory (Min, 2017) to explain alliance failure (Rajan et al., 2020).

Alliance failure is considered a strategic setback for firms, which has made the gathering of empirical evidence related to their failure a challenge as people prefer not to share information pertaining to their failed alliances (Hohberger et al., 2020; Rajan et al., 2020). According to Park and Ungson (2001), alliance failure has lacked a general theory with defined boundary conditions that can be empirically tested. This in turn has impeded theory development and has resulted in a fragmented approach to the topic. This is largely down to two developments: i) the contestability of different views as to what constitutes alliance failure, and ii) the lack of cross-fertilisation between varying theoretical views on the subject (Park & Ungson, 2001).

The termination of strategic alliances could be categorised as either a 'terminated alliance' or a 'completed alliance', as strategic alliances do not have an indefinite life (McCutchen et al., 2008; Rajan et al., 2020). A 'completed alliance' refers to the desired outcome of terminating an alliance that has come to the end of its pre-determined life as agreed between the partners of the alliance (Gulati & Singh, 1998). A 'terminated alliance' relates to the unplanned termination of an alliance that has failed to meet the expectations of the partners (McCutchen et al., 2008).

The termination of failed alliances often results from irresolvable conflicts between the partners, and dissolution is seen as a significant event as companies would usually not divest or shut down an entity that is performing well and generating profit (Kogut, 1989). Termination of failed alliances is a costly endeavour due to the difficulty in unravelling relationships, dissolving governance structures, issues with business continuity and mitigating reputational harm (Gulati & Singh, 1998). Termination occurs when an alliance must be dissolved due to uncertainties in the external (macro) and internal (alliance) environment (Gulati, 1999). Alliance failure occurs when competitive behaviours eclipse cooperative behaviours between the partners (Arslan, 2018; Asgari et al., 2018; McCutchen et al., 2008; Park & Ungson, 2001; Russo, 2017).

Inkpen and Beamish (1997, p. 1) defined alliance instability as "a major change in partner relationship status that is unplanned and premature from one or both partner's perspective". The success of an alliance is measured using both objective (e.g., profitability) and subjective (e.g., reputation) measures (McCutchen et al., 2008). As with any business, an alliance will remain in operation if the conditions for profit are promising (Kogut, 1989).

Park and Ungson (2001) described strategic alliances as a temporal structure of an exchange relationship which, through the simultaneous presence of both competition and coopetition (Arslan, 2018; Asgari et al., 2018; Mellewigt et al., 2019; Russo, 2017; Verbeke et al., 2019), generate opportunistic behaviours based on the private incentives of the partners. Therefore, the basic premise of an alliance juxtaposes two countervailing tendencies: i) cooperative activities which lead to the execution of shared objectives, and ii) competitive behaviours where partners pursue their own interests (Asgari et al., 2018; Bengtsson et al., 2016; Kim, 2017; Russo & Cesarani, 2017).

Shu et al. (2017) contended that uncertainty in the external environment is another contributor to alliance failure. Other contributors to alliance failure also include cultural issues (Elia et al., 2019), incorrect partner selection (Kang & Zaheer, 2018), and poor alliance management (Bustinza et al., 2019). Alliance failure results when the alliance does not succeed in achieving or matching the partner firm's expectations (Rajan et al., 2020) in extracting value from the alliance (Lavie et al., 2022). When a partner firm is

dissatisfied with their ability to extract value from the alliance, it most likely leads to premature or unplanned termination (McCutchen et al., 2008). Researchers further note the adverse effects of alliance termination. These include: uncompensated transfers of technology, misuse of intellectual property, imitation of technology, distortion of transfer prices, unwanted downstream competition and associated operational difficulties (Kogut, 1989; McCutchen et al., 2008; Park & Ungson, 2001; Rajan et al., 2020).

There are many characteristics that affect the functioning of an alliance which may contribute to its instability and ultimate failure. These include: the requirement of specialisation based on the complementarity of partners (Arslan, 2018), opportunism or opportunistic behaviours (Mellewigt et al., 2019; D. Zhao et al., 2021), complexity in monitoring behaviours (Kohtamäki et al., 2018; McCutchen et al., 2008), difficulty in coordinating partners (Cardoni et al., 2020; J. Zhao et al., 2021), conflict in strategic directions (Gomes et al., 2016; He et al., 2020), and a lack of trust between the partners (Balboni et al., 2018; Gulati & Nickerson, 2008; Mikami et al., 2022). These characteristics or contributions are entrenched in the exchange of skills and capabilities in the alliance, and intentionally or unintentionally affect the cooperative relationship between the parties (Park & Ungson, 2001).

2.3 Transaction Cost Economics / Transaction Cost Theory

TCE was utilised as the main theoretical underpinning for this study. Rindfleisch (2020) described the development of this theory and acknowledged the work of the three main contributing authors to this theory's development: Coase (1937), Williamson (1979), and Benkler (2006). The anchoring theory of this paper is Williamson's (1979) TCE theory and Park's and Ungson's (2001) integrative model on alliance failure which utilises Williamson's TCE theory.

2.3.1 Oliver Williamson's Transaction Cost Theory

Williamson's theory predicts that organisational actors will seek to maximise the gains of interdependence by "assigning transactions (which differ in their attributes) to governance structures (the adaptive capacities and associated costs of which differ) in a discriminating way" (Williamson, 1985, p. 18). The defining question of TCT is whether a transaction should be executed within a firm (vertical integration which makes it part

of its hierarchy) or outside the firm by independent actors (market governance) (Rindfleisch, 2020). Essentially, this translates to whether a firm should make or buy a particular product or service.

Williamson's TCT framework is pictured below in Figure 1. Williamson considered asset specificity to be the most important characteristic of the governance mechanism (Williamson, 1979), however, behavioural uncertainty has also gained importance from recent advances in the areas of international business, institutional economics, and strategy (Cuypers et al., 2021). Asset specificity refers to the degree or extent to which a specific asset is involved in a transaction or governance structure (Williamson, 1979). An asset is said to have a high degree of asset specificity if the value of those assets in their next best use (for example, a different strategic alliance) is lower than in the present transaction (Williamson, 1979). Behavioural uncertainty, which is one of the behavioural assumptions of the model as seen in Figure 1, relates to the inability of one transaction party to predict the potential opportunistic behaviours of others (Williamson, 1979). Parties to the transaction therefore implement contractual safeguards to protect themselves from the potential opportunism of alliance partners (Hennart, 2010; Krishnan et al., 2016; Rindfleisch, 2020; Williamson, 1979).

BEHAVIORAL ASSUMPTIONS

Bounded Rationality
Opportunistic Behavior

ORGANIZATION

Transaction Characteristics
- Asset specificity
- Uncertainty
- Frequency

*Alignment between the transaction
characteristics and governance choice to
minimize transactions costs which arise due
to bounded rationality and the possibility of
opportunistic behavior*

Governance Mechanisms
- Markets
- Hierarchies
- Hybrids

PERFORMANCE

A function of appropriate alignment of governance mechanism with transaction characteristics

Figure 1: Williamson's Transaction Cost Theory Framework

Source: Cuypers et al., (2021, p. 5)

One of the focuses of this paper is on opportunism and how it affects alliance performance. Williamson described opportunism as "self-interest with guile" (Williamson, 1979, p. 234). In other words, economic actors withhold sharing full information with the intent of benefiting themselves from an economic exchange. According to Niesten and Jolink (2015), the theoretical approach that has dominated the emphasis of curbing opportunism is TCE. The concept of bounded rationality and bounded reliability, which are the behavioural assumptions of opportunism, are discussed in Section 2.5.2 below.

The one research question of this study used TCE and one of its main constructs, opportunism, as its main underpinning. This is applicable as the study utilised a qualitative exploratory lens (Flick, 2018) to explore the phenomena on which the literature is not still under development (Gomes et al., 2016; Parameswar et al., 2021; Rajan et al., 2020). According to Kano and Verbeke (2015) and Verbeke et al. (2019), few international business papers have explored the conditions or contexts under which opportunism occurs. An explanation for this is that firms are assumed to pursue entry modes that minimise the risks and effects of opportunism (Verbeke et al., 2019), and thus there is no focus on the context in which opportunism actually occurs but rather on

only on how to avoid it (Verbeke & Ciravegna, 2018). This research therefore aimed to understand what opportunistic behaviours have been observed and in what context by international business practitioners with specific context to SSA.

2.3.2 The Link Between Transaction Cost Economics and Strategic Alliances

The use of TCE to analyse strategic alliance failure is justified as strategic alliances are entities that are created to be positioned between markets and an organisation's internal operations (He et al., 2020; Niesten & Jolink, 2015; Parameswar et al., 2021; Park & Russo, 1996; Rajan et al., 2020). The purpose of this governance structure is an attempt to bypass inefficient markets (Park & Russo, 1996; Rajan et al., 2020). Williamson et al. (1991) viewed alliances as having their own distinct form of governance, whereas Hennart (2010) viewed strategic alliances as hybrids that have joint hierarchy and not hybrids of market and hierarchy.

The governance agreement lays out procedures for the exchange of information, monitoring of partners' activities or behaviours, and penalties for breach of contract, which aims to serve as a hostage-taking mechanism and reduce the potential of opportunistic behaviours from alliance partners (Williamson et al., 1991). Improved governance can be realised through the investment of equity capital as it is associated with greater contractual governance which coordinates exchange between the partners (Shu et al., 2017). The building of social cohesion or shared value may also serve as a governance mechanism by creating and enforcing a modus operandi, which encourages cooperation and discourages opportunism (Asgari et al., 2018). If there is a greater number of relationships between the partners, the partner or network embeddedness would be increased, which leads to greater social cohesion and facilitates the enforcement of common norms (D. Zhao et al., 2021).

According to Kogut (1989), it is self-evident that an agreement between rational actors will endure as long as the benefits, net of penalties, of defecting are perceived to outweigh the utility of continued cooperation. The stability of cooperation is strengthened by shared investment, which deters efforts to disrupt the venture; however, equity shares cannot resolve the potential of conflict amongst competitive partners (Kogut, 1989; Shu et al., 2017).

The presence of competition within a cooperative alliance results in higher transaction costs as partners attempt to create safeguards through their contractual governance to avoid opportunistic hazards (Cuypers et al., 2021; Krishnan et al., 2016; Park & Ungson, 2001; Parkhe, 1993; Williamson, 1979). These costs include contracting, information gathering and processing, and monitoring and enforcing of contractual terms (Park & Ungson, 2001). Due to the need for formal (alliance contracts) and informal (management systems) safeguards, Williamson et al. (1991) described alliances as inherently temporal, unstable and disfavoured. The transaction cost paradigm is relevant to strategic alliances as individual firms retain their right to the de facto state of affairs, which is their right to pursue their own interests (Buckley & Casson, 1988). Judge and Dooley (2006), Niesten and Jolink (2015) and Park and Russo (1996) have all found that higher transaction costs are a contributor to alliance instability and poor alliance performance.

2.4 Park's and Ungson's Integrative Model on Alliance Failure

Alliances are occasionally formed by direct competitors knowing that at a later stage, partners may act opportunistically by not sharing information, providing misinformation, or simply cheating the other partner (Park & Ungson, 2001). The complexity of an alliance structure may prohibit partners from being able to evaluate the outcomes of their contributions, leading to perceptions of inequity in their efforts (Park & Ungson, 2001). This creates asymmetric rents which escalates partner dependency, which in turn leads to even further asymmetry within the alliance (Cuypers et al., 2017; Guo et al., 2020; Hu et al., 2021; Park & Ungson, 2001).

This paper utilised the framework developed by Park and Ungson (2001), which predicts that alliances may fail due to interfirm rivalry between the partners which is simultaneously coupled with the managerial complexity of coordinating economic activity between two independent firms. Park and Ungson (2001) predicted that interfirm rivalry is created by opportunistic hazards or behaviours by the alliance partners which are seeking asymmetric rent or resource appropriation. This is termed as the simultaneous presence of both competition and coopetition (Arslan, 2018; Bengtsson et al., 2016; Kim, 2017; Russo & Cesarani, 2017). This is brought about by parties seeking

to maximise their personal gains from the alliance by acting opportunistically (Park & Ungson, 2001).

According to Park and Ungson (2001), the field of alliance failure lacked a theoretical framework that describes the dynamics and causes that lead to strategic alliance failure. Their integrative model of alliance failure is pictured in Figure 2. This framework is underpinned by Williamson's TCT (Park & Ungson, 2001) as rivalry between competitive firms may see firms acting opportunistically to benefit from unequal gains from the alliance. Opportunistic behaviour forms part of the behavioural assumptions of the TCE theory which may ultimately affect the alliance's performance if economic actors act with self-interest (Cuypers et al., 2021).

The framework consists of two main constructs: interfirm rivalry and managerial complexity. This study focussed on the aspect of opportunism or opportunistic hazards, which may lead to firms acting opportunistically for the benefit of self-gain. This could be in the form of asymmetric rent/resource appropriation or adverse bargaining. This leads to issues of trust, reputation and commitment, which may see firms evaluating their equity and the efficiency of the alliance. If the assessment is unfavourable, the alliance may be terminated or a partner may choose to sell its share and withdraw from the alliance. The red-highlighted portion below in Figure 2 represents the focus areas of this study and where they are represented in Park's and Ungson's (2001) model.
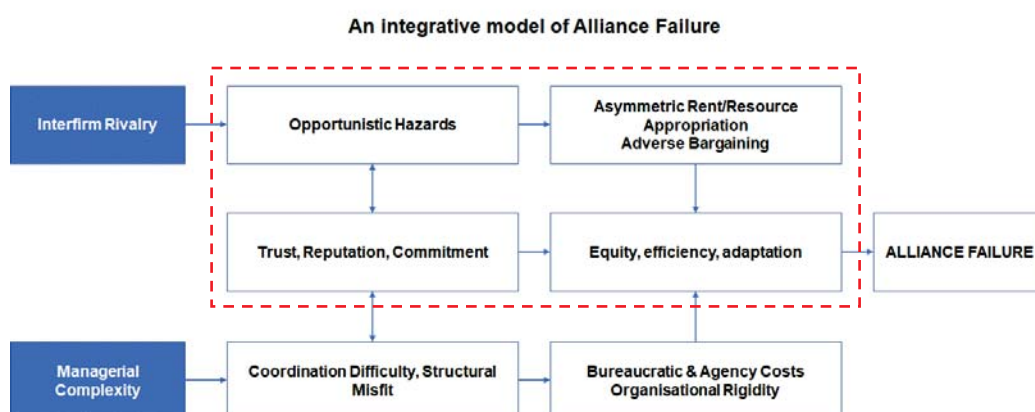
Figure 2: Park's and Ungson's Integrative Model of Alliance Failure

Source: Adapted from Park and Ungson (2001)

2.5 Opportunism and Opportunistic Behaviour

This section discusses opportunistic behaviour as seen in Park's and Ungson's (2001) model in Figure 2. It includes definitions of opportunism as per the literature. The two behavioural assumptions of opportunism are discussed. This aligns with the TCE theory in Section 2.3. Finally, the forms of opportunism are discussed which is in support of this study's research question.

2.5.1 Definitions of Opportunism

Williamson (1979, p. 234) described opportunism as "self-interest with guile" or, in other words, economic actors withhold sharing full information with the intent of benefiting themselves from an economic exchange. This creates information asymmetry within the alliance (Cuypers et al., 2017; Hu et al., 2021). Verbeke et al. (2019, p. 2) summarised opportunism as, "a tendency toward deceitful behaviour leading to explicit or implicit violations of contracts with foreign partners". Buckley and Casson (1988, p. 34-35) claimed:

> *"… a short-term view is likely to prevail when the agent expects the venture to fail because of the cheating by others. The risk of prejudicing the venture through its own cheating is correspondingly low, and there may be considerable advantages in being the first to cheat because the richest pickings are available at this stage."*

As the benefits or utility from a strategic alliance are typically uncertain, opportunistic firms may try to take advantage of short-term self-interested gains (Park & Ungson, 2001). The following subsections more broadly explore the forms or types of opportunistic behaviours which affect alliance performance according to the alliance literature.

2.5.2 Behavioural Assumptions of Opportunism

There are two micro-foundations or behavioural assumptions of opportunism: bounded rationality and bounded reliability (Kotlar & Sieger, 2019). This section explains in more detail how these behavioural assumptions are applicable to opportunism and TCE.

Kano and Verbeke (2015) stated that bounded rationality is the 'scarcity of mind' which relates to the constrained capacity on to process information and subsequently address complexity and make good choices. Bounded rationality, as first introduced by Simon (1979), suggests that managers have inherent cognitive limitations which prevent them from knowing all alternatives and accounting for uncertainty about external events, and are therefore unable to calculate the consequences of their decisions.

Bounded reliability as described by Rugman and Verbeke (2005) refers to economic actors being reliable, but the degree of reliability is bounded. According to Kano and Verbeke (2015), bounded reliability is the imperfect attempt to perform on loosely defined commitments. This is affected by three aspects: opportunism, benevolent preference reversal, or identity-based discordance (Kotlar & Sieger, 2019). Kano and Verbeke (2015, p. 6) further stated that 'scarcity of effort' to comply with agreements assumes actors are "intendedly reliable, but only boundedly so". Kano and Verbeke (2015) stated the three categories of bounds on reliability as presented in Table 3:

Table 3: Bounded Reliability Categories

#	Bounded Reliability Category	Description
1	Opportunism as intentional deceit	"self-interest seeking with guile" (Williamson, 1979, p. 234) "calculated efforts to mislead, distort, disguise, obfuscate or otherwise confuse" (Williamson, 1979, p. 234)
2	Benevolent preference reversal	Benevolent preference reversal relates to individuals who continuously engage in dysfunctional preference reversals, which suggests that the issue extends beyond the problem of access to information (Kano & Verbeke, 2015). This occurs in two ways which is laid out below in 2(a) and 2(b).
2(a)	Good faith reprioritisation	Firms make commitments in good faith benevolently, but subsequently those commitments lose their significance with a change in circumstances (Kotlar & Sieger, 2019).
2(b)	Overcommitment	Alternatively, firms over-commit and make unrealistic commitments which subsequently need redressal (Kotlar & Sieger, 2019).

3	Identity-based discordance	Individuals fail to honour their commitments as they have an attachment to a conflicting identity (Kotlar & Sieger, 2019).

Opportunism may occur at two different points in time: ex-ante (before a commitment is made) or ex-post (after a commitment is made) (Mikami et al., 2022). In either instance, this behaviour is motivated by the desire for self-gain and is intentional (Mikami et al., 2022). Attempts to develop methods of curbing opportunism have to date yielded a limited set of tools consisting primarily of contractual protections, alignment of incentives, improved monitoring of business activity and behaviours and, perhaps paradoxically, the development of trust between partners which is laid out in Section 2.6 (Kano & Verbeke, 2015).

2.5.3 TCE and Opportunism

The theory of TCE considers bounded rationality and opportunistic behaviour as the two behavioural assumptions that affect alliance performance within its given governance structure (Cuypers et al., 2021). Exchange hazards in alliances are affected by external environmental uncertainty, which could include institutional and bureaucratic challenges, economic and political instability, and issues of cultural understanding which may see differing business norms (Shu et al., 2017). It is also impacted by relational uncertainty, which is linked to a partner's unpredictable behaviour (Dyer & Singh, 1998; Mikami et al., 2022; Musarra et al., 2021; Verbeke et al., 2019).

As relationship hazards arise, contractual safeguards should become active to protect entities from self-interested behaviours from their partners (Williamson, 1985). However, contract-based safeguards are not full proof remedies to curb opportunistic behaviour (Williamson, 1983). According to Krishnan et al. (2016), increased trust and mutual benefit between partners is required to avoid such behaviour.

Investment through equity capital to form an equity joint-venture is considered a mutual hostage scenario as it attempts to align the interests of partners to their contributions and motivate for increased commitment (Gulati, 1995; Kogut, 1989; Park & Ungson,

2001; Shu et al., 2017). When partners perceive a high risk of opportunism, they may reduce their level of cooperation and withdraw their resource commitment (Lavie, 2006).

When considering the contractual governance perspective, formal control mechanisms are a means to monitor performance and regulate a partner's behaviour according to the possibility of what the counterparty might do (Cuypers et al., 2021; Gulati & Nickerson, 2008; Krishnan et al., 2016). Formal control is important in the alliance context as it is an attempt to safeguard against the potential of opportunistic behaviour from the counterparty (Guo et al., 2020).

Formal control is split into two forms: output control, and process control (Hsieh & Rodrigues, 2014). Output control focuses on the monitoring or oversight of the performance obligations to the alliance according to the formal monitoring procedures and incentive structures as laid out in the alliance contract (governance structure) (Hsieh & Rodrigues, 2014). Process control on the other hand focuses on monitoring the behaviour of the partners (Hsieh & Rodrigues, 2014) with its main aim to coordinate the activities (Krishnan et al., 2016; Niesten & Jolink, 2015) between the partners to improve reciprocal learning (He et al., 2021; Shakeri & Radfar, 2017; Subramanian et al., 2018) and promote mutual value creation (Lavie et al., 2022). TCE assigns a controlling function to the contracting governance function through the output control mechanisms (Balboni et al., 2018).

In order to curb opportunistic behaviour, partner firms must acquire the ability to effectively control and coordinate an alliance as this increases the likelihood of alliance success (Mikami et al., 2022). This is referred to as alliance management capability. Alliance management capability is the ability to gain, share and store knowledge about the alliance's operation in order for a firm to benefit from current and future alliance activities (Bustinza et al., 2019; Gomes et al., 2016; Kohtamäki et al., 2018; Russo, 2017). Alliance management capabilities are more aligned with the view of dynamic capabilities (Teece et al., 2009). The imperfect alignment of incentives or benefits within an alliance results in a large risk for firms due to the high transaction costs from opportunistic behaviours with the view to private benefit extraction (Cuypers et al., 2021; Hennart, 2010; Rindfleisch, 2020).

2.5.4 Forms of Opportunism Within Strategic Alliances that Influence Failure

It is especially relevant for studies on the emerging market to consider institutions, as underdeveloped institutional frameworks and rapid changes to these frameworks create challenges for business activity (Handley & Angst, 2015). The unstable and underdeveloped institutional environments in emerging economies are susceptible to opportunism, and this leads to a high cost of uncovering and punishing opportunistic behaviours from partners (Zhou et al., 2017). This is prevalent as institutional environments contribute to a firm's strategic choices and how they go about coordinating the costs of their economic exchanges (Cao & Lumineau, 2015; Zhou et al., 2017). The efficiency of governance mechanisms is dependent on the institutional environments within which they operate (Sheng, 2018).

Opportunism within alliances could entail firms proactively trying to create internal capabilities, develop skills and transfer knowledge for private use outside the terms of the existing alliance for individual gain (He et al., 2021; Hu et al., 2021; Parameswar et al., 2021; Rajan et al., 2020). According to Lavie (2006), the most common form of benefit extraction takes the form of the misappropriation of the partners' resources. More specifically, resources could relate to knowledge leakage or spill over (He et al., 2021), resource transfer (Lavie et al., 2022), and misappropriation of intellectual property (Rajan et al., 2020). Firms may also withdraw their resource commitment and start 'free-riding' on their partners' resources (Gulati & Nickerson, 2008; Park & Ungson, 2001).

Interfirm rivalry within an alliance results in cooperation or mutual forbearance being less desirable as partners don't have a long-term view (Park & Ungson, 2001). Park and Russo (1996) found that competition between strategic alliance partners occurring outside of the terms of the alliance agreement significantly impairs the alliance's chances of survival. The simultaneous presence of competition and coopetition within alliances creates instability and often results in alliance failure (Arslan, 2018; Gulati, 1999; Park & Ungson, 2001; Russo & Cesarani, 2017).

The competitive business environment commonly motivates the creation of strategic alliances with the expectation that it will reduce rivalry amongst direct competitors

(Arslan, 2018; Kogut, 1989; Parkhe, 1993), yet competitive factors can only be imperfectly redressed (Cuypers et al., 2021; Hennart, 2010), and sources of instability will remain. Strategic alliances are commonly formed between direct competitors and unsurprisingly have the highest failure rates as firms compete with each other to gain the utility that will allow them to operate independently (Arslan, 2018; Park & Russo, 1996). Firms choose direct competitors as alliance partners in pursuit of perceived short-term synergy due to overlapping considerations in both products and markets (Park & Ungson, 2001). Direct competitors share similarity in strategy, known as strategic similarity (Fuentelsaz & Gomez, 2006), which sees firms operating in similar industries being more likely to comply with norms and practices of a certain industry.

Asgari et al. (2018) argued that competition between partner firm portfolios increases the chances of termination, but firms may mitigate that risk through portfolio configuration which involves alliance governance, building shared values, structure of competition, and partner similarity. Additionally, they add that termination can be moderated by partnering with firms that have direct links with the competitive alliance partner by partnering with strategically similar partners (Fuentelsaz & Gómez, 2006). Musarra et al. (2021) found that alliances with no defined term raised expectations of future interactions and diverted thoughts away from partner-based opportunism and towards possible future benefits from continued cooperation. Musarra et al. (2021) also found that negative partner-based opportunism has a bigger effect on upstream alliances with regard to elements of the efficiency of the relationship.

Another difficulty includes the requirement to coordinate two independent firms to achieve a common alliance goal (Park & Ungson, 2001). Alliances have been depicted as a learning race, with the partner that learns the fastest subsequently being able to gain an advantage over the other party in terms of reduced dependence (Hamel, 1991; He et al., 2021; Hu et al., 2021). As one partner learns faster than the other, information asymmetry is created (Cuypers et al., 2017; He et al., 2021; Park & Ungson, 2001).

The negotiation literature has shown that parties with past experience in negotiating have gained strategies and skills that they take to future negotiations, and these experience asymmetries result in distributional outcomes (Brett & Thompson, 2016). In

international business, the importance of transferring knowledge, known as appropriation, instead of specialised physical assets across borders has become of increasing importance and this has highlighted issues of behavioural uncertainty (Cuypers et al., 2021). This development among the knowledge-based economy has introduced the concept of appropriability, that is, how an actor can prevent their sensitive information from being leaked (Teece, 1986).

There are four types of inter-firm knowledge transfer: 'learning from', 'learning together', 'learning to manage', and 'learning about' (Inkpen & Tsang, 2005). According to the view of TCE (Williamson, 1979), firms exist to economise the exchange of knowledge. Firm scope includes proprietary knowledge and knowledge assets, which can't be readily transferred (Teece, 1986). Niesten and Jolink (2015) argued that alliance performance is dependent on knowledge and information sharing which should be aligned with alliance goals and a shared understanding.

2.6 Trust, Reputation and Commitment

As per Park's and Ungson's model (2001) as seen in Figure 2, opportunistic behaviour leads to an evaluation of the trust, reputation and commitment of the partners to the alliance. This phenomenon will be discussed further in this section.

"Trust can substitute for hierarchical contracts in many exchanges and serves as an alternative control mechanism." (Gulati, 1995, p. 93) Trust is the expectation that an alliance partner will not act opportunistically but rather in a trustworthy manner (Katsikeas et al., 2009). The implication of this is that when there is strong trust between partners, less formal modes of governance could be employed, as trust enhances exchange performance (Balboni et al., 2018; Gulati & Nickerson, 2008; Krishnan et al., 2016). When considering elements of TCE, trust may act as a substitute to formal governance interventions when cooperative behaviour presents a less costly safeguard compared to formal complex contracts (Balboni et al., 2018; Fenik et al., 2020; Guo et al., 2020).

There are two main views in the alliance literature regarding trust and its effect as a control mechanism on alliance performance (Balboni et al., 2018). According to the

substitute view (Dyer & Singh, 1998; Gulati, 1995), trust and control is an antagonistic governance mechanism. In other words, the use of the one sees the other not being employed, and their simultaneous presence does not promote alliance success. Alternatively, authors have supported the complementary effect (Gulati & Nickerson, 2008; Mellewigt et al., 2007), where trust and control act as mutually reinforcing mechanisms and such trust makes partners more open to control measures through trust-based governance.

An important consideration for the achievement of alliance goals or objectives is lateral collaboration between partners and management of the collaborative relationship (Mikami et al., 2022). Judge and Dooley (2006) identified three types of alliance governance that incorporates cooperation between partner firms: capital governance, contractual governance, and relational governance. According to Judge and Dooley (2006), relational governance is the most effective at curbing opportunistic behaviour. Relational governance emphasises inter-organisational trust, which acts as an embedded mechanism which reduces exchange hazards associated with uncertainty (Cao et al., 2018; Katsikeas et al., 2009). Relational governance is created by the values, expectations and norms developed through partner exchange and develops through communication between firms, establishment of combined working teams and senior leader communication (Judge & Dooley, 2006).

Mikami et al. (2022) performed a study on the Renault-Nissan alliance and its nearly twenty-year life from 1999 to November 2018, described as one of the most successful international alliances of all time. The Renault-Nissan alliance was a lateral collaboration, and the governance of the alliance can be described as a symbiotic integration, which is characterised by a conjoint degree of interdependence coupled with a high degree of acquired-firm autonomy. This is in stark contrast to the Daimler-Chrysler alliance which suffered many difficulties in managing a cross-national alliance. Mikami et al. (2022) proposed mitigating opportunism by building trust, using the equity trust model, which suggests that organisational justice mitigates opportunistic behaviour and builds trust.

2.7 Relationship Between Competition and Coopetition

In a cooperative relationship, alliance partners face two prominent challenges: uncertainties about the human capital in the organisation, and uncertainties about the organisation's capabilities (Park & Ungson, 2001). Cooperative behaviour is associated with joint value creation whereas competitive behaviour is motivated by the private extraction or appropriation of benefit (Arslan, 2018; Asgari et al., 2018; Shu et al., 2017). Cooperating parties enjoy mutual benefits resulting from combined value creation which is not possible or available to an individual partner (Arslan, 2018). However, opportunistic firms seeking private benefits through the misappropriation of the other parties' resources threatens alliance longevity (Hamel, 1991; Inkpen & Beamish, 1997; Mellewigt et al., 2019; Parkhe, 1993; Trada & Goyal, 2017). This behaviour creates differential benefits amongst the partners (Arslan, 2018). Differential benefits occur when one partner gains more utility or benefit than the other, which may result from opportunistic extraction of benefits or unequal distribution of benefit or utility (Arslan, 2018).

Due to the difficulty in creating fail-proof safeguards at the time of alliance contracting (Krishnan et al., 2016), firms can unilaterally extract benefit as the risk was not inherently apparent at the time of contracting (Cuypers et al., 2021). Private benefit extraction has adverse consequences for alliances in that they alter the dynamics of partner dependency (Hamel, 1991; Inkpen & Beamish, 1997). Arslan (2018) argued that opportunistic behaviour with the view toward private benefit extraction resulted in underinvestment from firms, overprotection of proprietary assets, and retaliation attempts to restore benefit. This behaviour harms the goal of common benefit (Arslan, 2018). Arslan (2018) further found that as the common benefit potential increases, differential benefits would reduce as partners would prioritise shared value creation and focus less on individual benefit. Mutual benefit therefore supplements the exchange of mutual hostages (Williamson, 1983) by acting as a different mechanism for reducing competitive tension and aligning the interests of partners.

2.7.1 Conditions Affecting Cooperative and Competitive Behaviours in a Strategic Alliance

Establishing strong cooperative relationships has been a predominant focus of strategic alliance research, as alliances continually face situations of simultaneous cooperative and competitive forces (Arslan, 2018; Bengtsson et al., 2016; Kim, 2017). Pictured in Figure 3 are the ex-ante and in-situ conditions that Park and Ungson (2001) believed influenced cooperative and competitive behaviours in an alliance. Park and Ungson (2001) investigated the different complexities and conditions that affect the performance of a strategic alliance that could influence alliance failure.

Ex-ante conditions are those prevalent at the alliance formation phase and could include: the nature of competition, complementarity between partners and the perception of endgames. In-situ conditions are conditions that may create rivalry and managerial complexity during the term of the alliance. The in-situ conditions develop during the operation of the alliance and are dependent on the interaction of interfirm rivalry and managerial complexity, which could lead to a review of the alliance (ex-post) and eventual alliance failure. Ex-post conditions relate to the assessments on behalf of the partners of the performance of the alliance (Park & Ungson, 2001).

The Dynamics of Erosion and Failure of Strategic Alliances

Ex-Ante Conditions (Interfirm Rivalry)
- Direct Competition
- Complementarity
- Equity considerations
- Perceptions of endgame

Ex-ante Conditions (Managerial Complexity)
- Cultural incongruencies
- Agency issues
- Facilitating structures

In-situ Conditions
- Changes in external environment
- Perceptions of balanced contributions
- Pace of bilateral learning
- Asymmetry
- Changes in strategic positioning

Ex-post Conditions
- Trust
- Equity
- Perceived benefits

ALLIANCE FAILURE

Figure 3: Park and Ungson's Dynamics of Erosion and Failure of Strategic Alliances
Source: Park and Ungson (2001, p. 48)

2.8 Conclusion of Literature Review

Although strategic alliances are a popular approach to gaining access to resources and skills, success rates amongst these alliances remain very low. With the varied theoretical approaches to studying alliances, still not enough is known on the actual causes of alliance failure. This has seen disparate theory development and the problem is still widely prevalent in today's business environment. Alliance failure is also under-studied in the SSA context, a region that is also growing in popularity for international business. The associated benefits of being in an alliance are not being realised in the case of premature unintended termination, which is leading to adverse effects for participating firms.

Alliances are said to fail due to cultural issues, incorrect partner selection, and poor alliance management. As a result, alliances are not able to match the expectations of the partners and the strategic intent is not satisfied. This, coupled with the threat of potential opportunistic behaviour on behalf of the partners, makes strategic alliances a difficult governance mechanism with which to gain positive utility.

This study utilised the theoretical lens of TCE. Williamson's theory predicts that organisational actors will seek to maximise the gains of interdependence by, "assigning transactions (which differ in their attributes) to governance structures (the adaptive capacities and associated costs of which differ) in a discriminating way" (Williamson, 1985, p. 18). One of the theory's main concepts of opportunism was the core focus of this study and supports the one research question as laid out in Chapter 3. Williamson described opportunism as "self-interest with guile" (Williamson, 1979, p. 234) or, in other words, when economic actors withhold sharing full information with the intent of benefiting themselves from an economic exchange. Park and Ungson, (2001) used Williamson's theory to create an integrative model of alliance failure as seen in Figure 2. The theory of TCE and Park and Ungson (2001) was therefore the theoretical underpinning of this study and gave support to the research question and research approach.

Chapter 3: Research Questions

Using Park's and Ungson's (2001) integrative model of alliance failure, this research sought to understand the types of failure experienced and the causes of the failure as experienced by international business practitioners involved in international strategic alliances in SSA. This research sought to identify the in-situ conditions as detailed in Figure 3 and opportunistic behaviours that have influenced strategic alliance failure. To accomplish this, the following two research questions were developed from the reviewed literature:

Research Question 1: What has caused international strategic alliance failure as experienced by international business practitioners?

Research Question 2: How does opportunism (opportunistic behaviours from alliance partners) influence international strategic alliance failure as experienced by international business practitioners?

Chapter 4: Research Methodology

This chapter details the research design and research methodology used to complete this study. As research was performed on the lived experience of international business practitioners on the phenomenon of strategic alliance failure, a relatively underexplored area, an inductive, exploratory phenomenology study was performed.

4.1 Choice of Research Design

4.1.1 Purpose of Research Design

An exploratory mono-method qualitative study was performed to explore the phenomena of international strategic alliance failure as experienced by international business practitioners in SSA. Exploratory research is performed when more information must be collected about a topic that is not yet clearly understood by the researcher (Saunders et al., 2016; Saunders & Lewis, 2018). As such, semi-structured interviews were conducted to learn more about the topic. This was considered applicable as the literature on causes of international strategic alliances failures is not yet at the empirical testing phase in its development (Gomes et al., 2016; Parameswar et al., 2021; Rajan et al., 2020) so to meet the research objective, an exploratory mono-method qualitative study was deemed appropriate.

4.1.2 Philosophical Paradigm

A research philosophy refers to the system of beliefs and assumptions of the researcher in relation to the development and nature of knowledge (Saunders & Lewis, 2018). The interpretivist philosophy was used to study a social phenomenon in its natural environment (Saunders & Lewis, 2018). This philosophy is applicable as the research sought to understand the subjective and socially constructed meanings of a phenomenon (Saunders et al., 2016). In the context of this study, the researcher aimed to understand what causes international strategic alliance failure and whether opportunism has an effect on failure.

4.1.3 Approach

An inductive approach was utilised to build theory from the explanations or experiences (Saunders & Lewis, 2018) as observed from the semi-structured interviews. This is applicable as it sought to build on the relatively under-researched topic of international strategic alliance failure, which is still at the nascent phase in terms of theory development (Gomes et al., 2016; Parameswar et al., 2021; Rajan et al., 2020). According to Gomes et al. (2016), He et al. (2020), and Rajan et al. (2020), this is due to the differing theoretical lenses used to understand alliances and as such has produced findings which are difficult to cross-correlate. Patterns and incidents are observed so the context can be better understood, and the theory is reliant on the data. (Saunders et al., 2016; Saunders & Lewis, 2018). An inductive approach was therefore considered a flexible methodology (McCracken, 1988).

4.1.4 Methodological Choice

This study only made use of one method of qualitative data collection, and was therefore mono-method in methodological choice (Saunders et al., 2016). This was sufficient as the stage of theory development is still in the exploratory phase and not yet at the empirical testing phase. Sanders (1982) explained that there are three methods to collect data for a phenomenological study, those being: in-depth semi-structured interviews, documentary study, and participant observation techniques. Semi-structured interviewing was selected as this offered the opportunity to interview individuals, at a point in time after failure had occurred, to understand their experience of the phenomena.

The single data collection technique was adopted to collect data from international business practitioners involved in strategic alliances in SSA. The data collection process was facilitated through semi-structured in-depth interviews.

4.1.5 Strategy

A phenomenology strategy was utilised. Phenomenology is used when the researcher wants to understand the real-life experiences of the persons being studied (Sanders, 1982). Phenomenology is aligned with a qualitative research methodology as it seeks to make explicit the implicit structure of a lived human experience (Sanders, 1982).

Phenomenology is characterised by essence research questions to understand the experience or essence of a lived phenomenon (Morse & Field, 1995). Phenomenologists aim to describe commonalities between participants as they live through an experience, using the participants' accounts and experiences instead of conceptualising from their accounts to form a model as in grounded theory (Creswell et al., 2007). The purpose is to reduce all individual responses gained from the interviews to a universal essence, a "grasp of the very nature of the thing" (van Maanen, 1990, p. 177).

There are two approaches to a phenomenology strategy, Hermeneutic phenomenology (Van Maanen, 1990) and Psychological phenomenology (Moustakas, 1994). Hermeneutic phenomenology, as described by Van Maanen (1990) is geared toward a real-life experience and masking sense of the "texts" of life (hermeneutics). Moustakas' (1994) psychological phenomenology places less emphasis on the understandings of the researcher, whilst focussing more on the experiences of the interviewee. According to Creswell & Poth (2016), Moustakas' (1994) approach has more systematic steps when analysing the data and will thus be utilised for this study.

A phenomenology strategy has three fundamental components: determining the limits of what and who is going to be studied, collection of the data, and phenomenological analysis of the data (Sanders, 1982). In the context of this study, a phenomenology strategy was applicable as the lived experiences of international business practitioners involved in international strategic alliance failure were the limit of this study and were investigated and studied as part of this research.

4.1.6 Time Horizon

As data was only collected at one particular point in time, this research was cross-sectional in nature (Saunders & Lewis, 2018). This was applicable as the interviews aimed to understand, at a point in time (after deemed failure has occurred), what the causes of alliance failure were and why those failures occurred. This is suitable as individuals spoke to their past experiences of their involvement in strategic alliance failure.

4.2 Research Methodology

4.2.1 Population

The population included all international business practitioners that have been involved in international strategic alliances operating in SSA, comprising directors, board members, senior managers and transaction advisors. From there, a target population was sampled based on qualifying criteria to approach a group of individuals (research sample) that have experienced a form of alliance failure (Saunders et al., 2016; Saunders & Lewis, 2018).

Different groups of individuals were interviewed to obtain a diversity of views related to alliance failure across the different alliance lifecycles (pre-agreement and post-agreement phases). The pre-agreement phase relates to the due diligence period, followed by the operational phase, which includes the actual operation of the alliance, and lastly the evaluation phase, when the alliance has come to an end and the partners evaluate their outcomes (Gomes et al., 2016).

4.2.2 Unit of Analysis

The unit of analysis for this research was several individuals' experience (Creswell et al., 2007) of international strategic alliance failure as represented by the sample of individuals mentioned in the population. As alluded to, failure is relative and does not necessarily mean termination of the venture or alliance. The level of analysis was at the level of the international business practitioner.

4.2.3 Sampling Method and Size

Purposive sampling was employed with specific criteria (criterion sampling) (Miles & Huberman, 1994) to select the sample from the population. This was performed to select individuals who have knowledge and were involved in international strategic alliance failures in SSA. Purposive sampling strategies do not consider any form of random selection to ensure that relevant cases are included as part of the final sample for the research study (Campbell et al., 2020) as determined by the researcher. This is also known as non-probability sampling (Saunders & Lewis, 2018).

In order for a participant to be sampled they had to meet a list of five specific criteria. The specific criteria for the selection of participants are summarised below:

1) Associated strategic alliance must have operated in SSA

2) An international partner was one of the alliance partners

3) International business practitioner is senior in their profession, greater than ten years of total experience

4) International business practitioner was either a director, board member, senior manager or transaction advisor involved in the alliance

5) A form of strategic alliance failure must have occurred

When utilising a phenomenology strategy, the researcher does not expect data saturation to occur (although it may be possible), because the experiences gathered from the research participants are unique (Sanders, 1982). The researcher therefore did not consider any data saturation as part of the analysis. The researcher targeted 12 semi-structured interviews, which is around the midpoint of 5 to 25 individuals as suggested by Creswell and Poth (2016). The desired twelve interviews were completed as part of this study.

Triangulation is used to enhance the quality and credibility of qualitative analysis by combining different kinds of qualitative methods as no single method fully solves the problem of alternative explanations (Patton, 1999). Two forms of triangulation were employed: respondent triangulation and theoretical triangulation. Respondent triangulation was used to cross-correlate responses from the various groups of interviewees (Flick, 2018) to gain insights into responses from individuals involved in the different phases of the alliance lifecycle. Theoretical triangulation used theories to explain and interpret the data that was obtained from the interviewees (Flick, 2018). The respondent triangulation was used to identify themes to structure the write-up of results in Chapter 5. The theoretical triangulation was used to support the discussion of results in Chapter 6.

4.2.4 Measurement Instrument

Using a predefined interview guide, the interviewer conducted semi-structured in-depth interviews with individuals who met the sampling criteria. Semi-structured interviewing is a data collection method where the interviewer uses a pre-defined interview guide to introduce the topic, followed by a limited number of open-ended questions to determine themes which aim to answer the research questions (Saunders & Lewis, 2018).

The interview guide obtained ethical clearance from the Gordon institute of Business Science (GIBS) ethics committee before any data collection commenced. This included an informed consent letter which explained the confidentiality of the process offered to the participants of the study.

According to Moustakas (1994), the interview guide should answer two broad general questions: What has the interviewee experienced in terms of the phenomenon? Has a specific context or situation influenced the experience of the phenomenon? The interview guide was designed to achieve two objectives. Firstly, it aimed to extract an understanding of what strategic alliance failures the participants had seen and what they think caused them. Secondly, using Park's and Ungson's (2001) integrative framework of alliance failure, it aimed to uncover what opportunistic behaviours on behalf of the partners the participants thought influenced failure. Additionally, the guide sought to investigate whether a lack trust influenced failure and whether there were any governance mechanisms that could have mitigated opportunistic behaviour.

4.2.5 Data Gathering Process

One pilot semi-structured interview was conducted with a selected interviewee to test the interview guide, recording software, transcribing software and the integration with Atlas.ti, a qualitative coding software. After the pilot was conducted, the researcher noticed that the first three questions could be reduced to two questions. Essentially, the researcher wanted to understand what failures the participants saw and, in their experience, what caused them. After completing the pilot interview and ensuring all tools worked as required, the remaining interviews were conducted to gather primary insights into the phenomenon.

All conducted interviews were voice-recorded on Zoom, a web-conferencing program with built-in functionality to auto-transcribe the interviews in live time. All the interviews were conducted in English to ensure uniformity of data collection. After all the interviews were conducted, the researcher corrected the auto-generated transcripts as the software was unable to recognise and fully transcribe certain accents. The transcripts were then imported into Atlas.ti. The coding process involved allocating codes to the interview transcripts after which themes were created. Themes are code groups that represent many individual codes. This process is further explained in Section 4.2.6 below.

Data was stored without identifiers on a secure platform to protect the confidentiality offered by the researcher to the research participants. Data was gathered from those that were amenable to conducting an interview based on their personal experience of alliance failure. These individuals formed part of the researchers' personal contacts and professional networks.

It was aimed to complete four interviews with transaction advisors, four with alliance managers and lastly four with board members. The participants of the study had a varied experience across the entire alliance lifecycle. The researcher saw how the individuals' professional experience came through in their feedback. For example, Participant (10) is a deal maker who works in corporate finance. Participant (10) spoke of the importance of financial requirements and contractual governance, which is to be expected given his specific skillset. The approach to interview a diverse set of participants ensured a diverse response in terms of the views gathered with regards to the phenomenon across the entire alliance lifecycle.

4.2.6 Analysis Approach

To perform an analysis of the collected data, the primary voice data collected through the semi-structured interviews in voice format was firstly transcribed to text. An inductive approach, which is a bottom-up approach, was utilised (Saldana, 2021) to draw insights from the data. This is justified for a phenomenology strategy as the basic purpose of phenomenology is to reduce individual experiences of a phenomenon to a description of the essence (Creswell & Poth, 2016), which van Manen (1990) describes as a "grasp

of the very nature of the thing" (p. 177). Atlas.ti was used to identify codes from the transcripts of the semi-structured interviews. The individual codes were then grouped into code groups. The code groups or categories which represent the themes that were used to structure the write-up of results in Chapter 5. The process is laid out below in Figure 4. When analysing the data, the researcher was looking for significant statements related to alliance failure and the main construct of opportunism. A conventional content analysis was performed which followed the inductive philosophy to describe a phenomenon and build theory (Hsieh & Shannon, 2005).
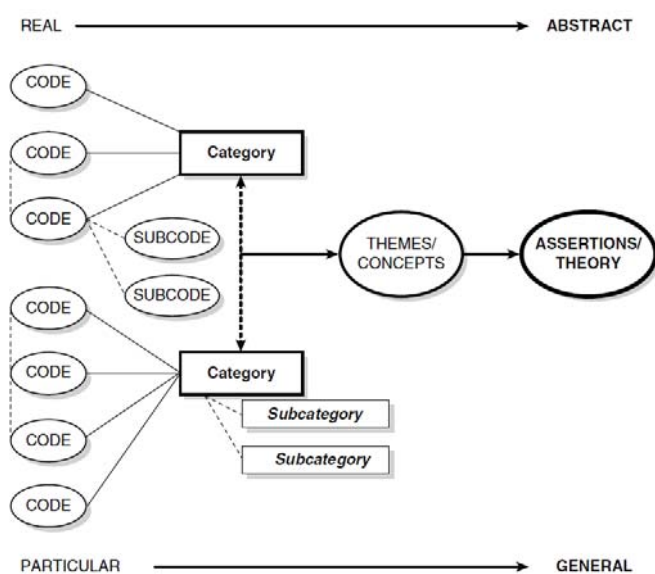
Figure 4: Codes to Theory Model for Qualitative Inquiry

Source: Saldana (2021, p. 13)

Whilst analysing the data inductively, the researcher also considered the phenomenological data analysis process (Sanders, 1982). According to Creswell and Poth (2016) and Moustakas (1994), the following steps as laid out in Table 4 need to be completed:

Table 4: Analysis Procedure

Phase	Steps to follow
Describing	The researcher should describe their personal experiences of the phenomenon under study. This is performed by recounting a full description of their own experience of the phenomenon. The purpose of this step is to document the researchers' personal experiences so the focus can shift to that of the participants of the study.
Classifying	From the responses from the interviewees, highlight significant statements that detail how the interviewees experienced the phenomenon. According to Moustakas (1994), this step is called 'horizontalization'. Each statement has equal worth and a list of nonrepetitive and nonoverlapping statements should then be created.
	After gathering all significant statements from the transcribed data, the next step requires the researcher to create clusters of meaning called meaning units or themes.
Interpreting	These themes are then used to detail the interviewees' experience. This is called the textual description.
	A description of the context is included to show how the setting may have influenced the interviewees' experience of the phenomenon. This is called imaginative variation or structural description.
	Lastly, using the structural and textual descriptions, a composite description is written up, which presents the essence of the phenomenon. This is called the essential invariant structure.
Representing, visualising	The ultimate aim of the analysis approach is to produce common experiences or the essence of the experience as shared by the interviewees in the form of a discussion.

4.2.7 Quality Controls

The use of editing services was employed by the researcher to check for general misspellings, and punctuation issues. A check was also performed to ensure that references adhered to APA 7th standard. A certification of data analysis was supplied as a supporting document.

The following control measures were implemented which sought to ensure credibility, trustworthiness and transferability.

4.2.7.1 Credibility

According to Patton (1999), the credibility of a research study is dependent on three related elements, as laid out below:

- High quality techniques for data gathering followed by an analysis process which tackles issues of validity, dependability, and triangulation.
- Credibility of the researcher
- Philosophical belief in qualitative inquiry

The data-gathering process is detailed in Section 4.2.5. The strategies utilised to ensure validity and reliability are noted in the following subsections.

4.2.7.1.1 Credibility Controls

Validity

Validity, according to Creswell and Poth (2016), refers to the attempt to measure the accuracy of the research findings. Triangulation was used as the main strategy to ensure the validity of this study (Flick et al., 2004). Zikmund et al. (2013) referred to validity as representing the accuracy with which measurement, in this case the research study, measures the "intended concept" (p. 303). The aim of validity therefore is whether the research design measures what it is intending to measure (Zikmund et al., 2013).

The researcher followed an inductive approach (Saldana, 2021) and created codes from the transcribed interviews. The codes were created along with a list of significant statements (quotes) from the transcribed interviews. This was performed using Atlas.ti software. The codes and code groups can be seen in Chapter 5. In total, 89 codes were

generated with a combined groundedness of 288. Groundedness, according to Friese (2019), is the frequency of text passages that have been allocated with the same code.

The process was approached in a uniform manner and the researcher did not attempt to lead the participants towards a certain view. The researcher also did not send any interview questions in advance to avoid participants pre-meditating their answers. The analysis process is laid out in Section 4.2.6.

Many participants spoke to success factors that alliances needed to prioritise to be successful. Some chose to speak very generally of the failures they had experienced. This was expected due to the sensitive nature of the topic. The researcher did probe for the participants to share more explicit detail on particular examples if they were comfortable to do so. A total of 27 codes were allocated to success factors that have not been considered by the researcher as they form part of success factors and not alliance failure. General forms of opportunism that could not be categorised comprised of 12 codes. The types of failure that could not be categorised comprised of 14 codes.

A data reduction process was followed, as seen in Figure 5 below, to move from the open codes to themes. This was done by grouping the open codes to axial codes and then moving from the axial codes to themes.
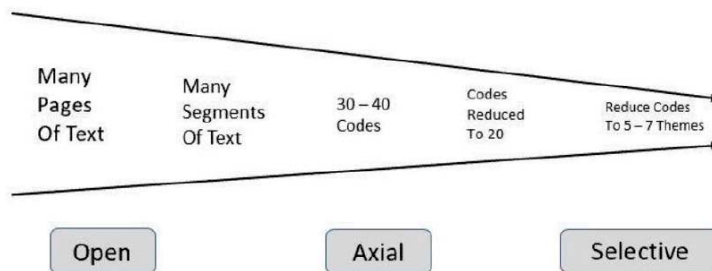
Figure 5: Data Reduction Process

Source: Williams and Moser (2019, p. 47)

The results as presented in Chapter 5 are presented in themes to organise the analysis. The themes were created by employing respondent triangulation (Flick, 2018). Respondent triangulation or data triangulation is the triangulation between the interview responses to produce themes (Fusch et al., 2018). It is the aim of Chapter 6 to

triangulate between the theory and the results of this study. This is known as theoretical triangulation which Flick (2018) explained as "approaching data with multiple perspectives and hypotheses in mind" (p. 174).

Dependability

Dependability relates to the consistency of the data collection, when the same procedures and conditions were used to collect the data (Creswell & Poth, 2016). As described in Section 4.2.5, a standardised data collection process was adopted by using the same interview guide to conduct all interviews and collect data. Subsequently, all interviews were transcribed to text to analyse data under a uniform approach (Creswell & Poth, 2016).

A compliant audit trail was created that complies with all the confidentiality requirements offered by the researcher. Lastly, the researcher did not share the interview questions ahead of time to ensure that interviewees would not premeditate their answers.

Triangulation

To ensure validity and reliability, the researcher used two forms of triangulation in this study: respondent triangulation and theoretical triangulation. Triangulation is a technique that was adopted from land surveying and is a means of referring to the observation of the research from at least two or more different points (Flick et al., 2004). Respondent triangulation or triangulation of data (Flick et al., 2004) was used to come up with the themes that were presented in Chapter 5. Theoretical triangulation (Fusch et al., 2018) was adopted to compare the themes in Chapter 5 to the themes in the literature review in Chapter 2. This is seen in the discussion chapter in Chapter 6.

4.2.7.1.1 Credibility of the Researcher

The researcher is still a novice in the research field and has no previous published papers. The researcher did however receive training from GIBS and has conducted this study in partial fulfilment of his Master's in Business Administration qualification.

As suggested by Moustakas (1994) and Sanders (1982), the researcher has described his own personal experience of the phenomenon below. The purpose of the describing

phase is to move the emphasis away from the researcher's own experience or biases and towards the phenomenon to focus on the lived experience of the research participants (Creswell & Poth, 2016; Sanders, 1982). The researcher did not seek to lead or influence the interviewee's responses (Creswell & Poth, 2016).

The researcher has been predominantly involved in the termination of failed joint ventures throughout his career. This includes two ventures in Nigeria, a venture in Kenya and a venture in Qatar. The termination included the navigation of complex equity structures to facilitate the sale of shares to a third party or the sale of shares between the partners. No ventures that the researcher has been involved in have been dissolved outright, though legal entities may be dissolved after the integration into the parent company is complete. This is still ongoing.

The reasons for failure of strategic alliances as experienced by the researcher include a lack of partner fit mainly due to a cultural divergence. This is seen in disputes in negotiations involving transfer pricing and margin expectations. It is also prominent in the values seen in negotiations and the principles in acting on what is principally agreed. There have also been cases of parent entities doing business with the alliance and this has caused disagreements on transfer pricing and profitability concerns.

There have been significant market failures as well that have contributed to alliance failure, as these ventures were involved in the selling of premium products in cost-sensitive markets. The researcher has also seen due-diligence failures in failing to identify certain liabilities in the forming of these governance structures. Lastly, the researcher also notes failures in the management or governance of alliances in which he has been involved. This relates mostly to the oversight and control of the joint ventures in terms of roles and responsibilities of the partner and the actual running of the alliances.

When performing the data analysis, the researcher could relate to the responses from the interviewees. As strategic alliances are complex governance mechanisms (Cuypers et al., 2021), the researcher had personal reflections of poor cultural fit in an alliance he was involved in in Nigeria. The difficulties of misaligned expectations in terms of the

alliance's core activities also surfaced from the work in Nigeria. The researcher also reflected on how the difficulties in the operating environment led to challenges across all alliances he was involved in. As the researcher has not been involved in the set-up of strategic alliances, he learnt a great deal of the pre-alliance phase. This relates to conducting thorough due diligence and ensuring that you prioritise governance to document how the alliance should be managed.

4.2.7.1.3 Philosophical Belief in Qualitative Inquiry

The researcher is personally aligned to the interpretivist philosophy as he would describe himself as a critical realist as described by Saunders and Lewis (2018). This philosophy was described in Section 4.1.2.

4.2.7.2 Trustworthiness

According to Elo et al. (2014), the trustworthiness of a research study is dependent upon the research process and the researcher following rigorous techniques to collect data, analyse data and report the results. The authors further stated that increased scrutiny must be placed on every process of the analysis phase, which includes the preparation, organisation and presentation of results. The researcher used a data collection process as laid out in Section 4.2.5 and an analysis approach as detailed in Section 4.2.6. A unform process was used to collect data using the same interview guide. All interviews were recorded and subsequently transcribed. This ensured that accurate data was prepared for the coding process, which constitutes the analysis phase. The researcher made an effort not to lead the participants towards certain views or answers to not impose his own biases on the participants.

4.2.7.3 Transferability

Transferability relates to the degree that findings of a qualitative study can be transferred to other contexts (Anney, 2014). To ensure transferability as guided by Anney (2014), the researcher ensured to provide a thick description of context and engaged in purposive sampling to ensure that participants had sufficient knowledge of the phenomenon.

Due to the sample size, caution needs to be exercised in drawing sweeping generalisations from the sample to the population (Creswell & Poth, 2016). The sample comprised largely of professionals involved in the heavy-industrial sector with a concentration to a set few countries in SSA. Generalisations should rather be drawn to the sample (Creswell & Poth, 2016) and this will be discussed further in the next section. This declaration is made so that the transferability of the data can be understood.

4.2.8 Limitations

This study has limitations in that it only looks at failure at a point in time (after failure has deemed to occur) and not how causes of failure could develop over time or through the lifetime of an alliance, which would make use of a longitudinal timeframe. This was not possible given the timeframe available and the difficulty in predicting whether an alliance will fail.

There have been many theoretical approaches to the studying of strategic alliances as mentioned in Chapter 2. This study adopted a theoretical frame of TCE which is one of the views of explaining why strategic alliances fail. There are other views which were not the focus of this study: behavioural theory (Min, 2017) and organisational theory (Subramanian et al., 2018). Conversely, other scholars have looked at success factors of strategic alliances and have applied theories such as the resourced based view of the firm (Barney, 1996), and dynamic capabilities (Teece et al., 2016). The differing views on the subject have made the development of a single robust model to explain alliance failure a challenge, which is further complicated by the nuances between the various phases of the alliance lifecycle (Gomes et al., 2016; Niesten & Jolink, 2015; Parameswar et al., 2021; Rajan et al., 2020).

A concern for qualitative interviewing is memory bias, that is that participants may forget the details of what they experienced if the event happened a long time ago (Roy et al., 2005). The researcher therefore probed the respondents to give some indication of timing when conducting the interviews. Further to this, the researcher added to Section 5.1 a brief introduction to the experience and the timeline to when the participants experienced alliance failure.

As qualitative research is subjective in nature (Saunders & Lewis, 2018), there is a risk of some element of bias being incorporated in the findings and (or) conclusions along with some generalisations (Patton, 1999). The sample interviewed was predominantly made of individuals who work in the heavy-industrial sector across SSA. This is due to the researcher using his own professional network to find willing participants to partake in the study. The researcher also works cross-regionally in SSA in the heavy-industrial sector. The researcher made a concerted effort to ensure a sample that represents multiple strategic alliances engaged in strategic alliances operating in different sectors of the economy. The largest bias in the sample that was interviewed was that nearly all were speaking from the perspective of being the international partner. Only a few participants were speaking from the view of the local partner. Therefore, it is noted that no generalisations can be drawn from the sample population (Creswell & Poth, 2016).

A threat to the reliability of research findings and conclusions includes various biases; including, subject error, subject bias, observer bias and observer error (Saunders & Lewis, 2018). To reduce these biases, various quality control measures were utilised as detailed in Section 4.2.7. This includes a write-up of the researcher's own experience of the phenomenon. Another specific limitation with regards to a phenomenology study relates to the jargon specific to a phenomenological research strategy for which there is no precise methodology (Sanders, 1982).

Chapter 5: Results

This chapter details the results of the semi-structured interviews performed by the researcher in an attempt to answer the research questions. As confidentiality was extended by the researcher, no names of people or organisations are presented in this chapter.

As detailed in the methodology chapter, the results of this study are presented in line with the requirements for phenomenological analysis. This includes describing, classifying, interpreting, and lastly representing or visualising the results.

5.1 Description of Sample

As mentioned in the methodology chapter, the researcher aimed to access a sample of individuals involved in the different phases of the alliance lifecycle. The actual result was that many of the individuals interviewed have diverse experience across the alliance lifecycle. It was evident from the interviews that participants' functional expertise came out when they expressed their views of the phenomenon. The experience noted below gives a sense of the functional experience that is held by the interviewees.

It must be noted that the researcher used his professional network to source willing participants for this study. Most individuals interviewed work in the heavy industrial sector across SSA. A large proportion of the participants have experience with working in Nigeria and Kenya. There is also representation of other SADC countries, predominantly Angola, Botswana, Zambia, and South Africa. The perspective of all participants come from working in a regional office structure where the regional office is based in South Africa, where the researcher is also based.

A description of each participant's nationality, professional experience, alliance lifecycle involvement and significant statements are provided in Table 5 below:

Table 5: Description of Sample

#	Experience	Nationality	Alliance lifecycle involvement
1	An experienced business management professional involved in the setup and management of strategic alliances in South Africa, Botswana, Zambia, Zimbabwe, Namibia, Mozambique, and Ghana. Also participated on the board of JVs he was not operationally involved in managing. Participant (1) has a 25-year career of which ~20 years were spent in international business in SSA. The timeline of experienced failures correlates to a 15-year time period.	South African	JV operational management, board member and setup advisory
2	An experienced strategy and transaction advisor who worked on the integration of a complex distribution JV in East Africa. Has also been involved in mergers and acquisitions in the fintech space across SSA. Has ~7 years of experience of working in international business in SSA. The timeline of referenced experience was in the last 5 years.	Indian	JV integration termination advisory
3	An experienced consulting and strategy professional that has worked on the exit from two JVs in Nigeria focussed on distribution and supply of products. Has ~4 years of experience working in international business in SSA. The timeline of referenced experience was in the last 5 years.	Chinese	JV termination advisory

4	An experienced finance and consulting professional that has worked on the due diligence for a JV in Kenya and the termination of two JVs in Nigeria. Has also worked on multiple new fully owned start-up entities across SSA in Senegal, Ivory Coast and Angola. Has ~6 years' experience working in international business in SSA. The timeline of referenced experience was in the last 5 years.	American	JV due diligence and termination advisory
5	A seasoned transaction advisor and former private equity professional that has been involved in strategic alliances in the Nigerian market. A combined total experience of 20 years working in SSA. Main reference regarding alliance failure was in the last 5 years.	Nigerian	JV setup and termination advisory
6	A seasoned consulting and strategy professional who has vast experience in business turnaround who has been involved in strategic alliances in Nigeria, Kenya and the Middle East. SSA experience of 2 years. Referenced examples of failure were in the last 5 years.	American	JV setup, turnaround, and termination advisory
7	An experienced (now retired) former executive involved in strategic alliances in Angola, Nigeria, Kenya and others in the Middle East. Roughly 6 years were spent in the SSA region. Referenced examples of failure are predominantly within 5 years with one cited example older than 5 years.	Australian	JV board member

8	An experienced business owner and investor who has partnered in strategic alliances and been involved in a corporate capacity in Nigeria, South Africa, and Zambia. International business experience in Africa comes to ~15 years. Referenced examples are of varying timelines, mostly older than 5 years.	South African	JV partner and advisor
9	An experienced finance professional who has been involved in operational and strategic finance to JVs in India, China and most recently Nigeria, Kenya, and Qatar. SSA experience of 3 years. Cited examples of JV failure were mostly within the last 5 years.	American	JV finance executive and advisory
10	An experienced corporate finance professional who has been involved in 9 strategic alliances across SSA. More than 20 years' experience in international business in SSA.	South African	JV advisory, due diligence, set-up, and board management
11	An experienced finance executive who has been involved in strategic alliances in Nigeria, Kenya, and Angola. A combined experience of ~10 years in international business in SSA. Reference of failure was predominantly within 5 years, some cited examples were older than 5 years.	South African	JV board member and finance executive
12	An experienced corporate finance professional who has been involved in 9 strategic alliances across SSA. A combined ~12 years of experience working in international business in SSA.	South African	JV advisory, due-diligence, set-up, and board management

5.2 Meaning of Units and Themes

In total, the researcher found seven key themes that can be seen below in Table 6:

Table 6: Themes

Dimensions	Themes	Description
RQ1: Causes of Failure	Misalignment of expectations	Expectations of alliance partners include their financial reward (profitability), market presence, and technology.
	Governance	Includes contractual, relational and capital governance which informs how the alliance will be coordinated to meet its objective.
	Partner Fit	Relates to how well the interest and resources of the partners are aligned to meet the alliance objectives.
	Partner Roles	Relates to the contributions of the partners towards the alliance's functioning.
	Cultural Fit	Relates to how well the values and cultural practices are aligned and accommodated by the alliance.
	Macro-economic conditions	Relates to the macro-economic conditions which are largely out of the alliance's control.
RQ2: Opportunism	Opportunism ● Unequal contribution ● Intent to benefit from group business structure	Forms of opportunism relate to serving self-interest as well as not committing to alliance responsibilities. Opportunism is discussed more broadly in Chapter 6.

	● Lack of focus in promoting alliance business ● Imperialist Mentality	

The presentation of results is structured along two dimensions. The first relates to the textual description of what happened in the strategic alliances that caused failure, which aims to answer Research Question 1. The second focuses on the phenomenon of how opportunism was experienced and how it influenced failure, which seeks to answer Research Question 2. These were clearly separated in the interview guide which can be seen in Annexure 2.

A summary of categorised codes is included Table 7 below:

Table 7: Categorised Codes

RQ	Section #	Theme	Code Count	Total Groundedness
RQ1	5.3.1.1	Misalignment of expectations	11	78
	5.3.1.2	Governance	18	55
	5.3.1.3	Partner Fit	5	16
	5.3.1.4	Partner Contributions/Roles	11	27
	5.3.1.5	Organisational Cultural Fit	4	15
	5.3.1.6	Macroeconomic Conditions	12	30
RQ2	5.3.2.1	Opportunism		
	5.3.2.1.1	Unequal contribution	14	32
	5.3.2.1.2	Group business	6	11
	5.3.2.1.3	Lack of focus	4	12
	5.3.2.1.4	Imperialism	4	12
		TOTAL	**89**	**288**

5.3 Structural and Textual Description

This section details the textual and structural descriptions that were captured from the semi-structured interviews. The textual descriptions provide a description of what happened and this is documented per theme as seen in Table 6. The structural description includes a description of the context to better understand the individual's experience of the phenomenon. Some interviewees were speaking generally of their

experiences across their entire involvement in strategic alliances across SSA. Where the context to a certain phenomenon is unique, the context is provided.

5.3.1 Research Question 1

Research Question 1: What has caused international strategic alliance failure as experienced by international business practitioners?

This research question sought to understand what causes of strategic alliance failure the participants experienced. This was achieved through asking three interview questions. The questions sought to understand what type of alliance failure was experienced, what caused that failure, and lastly why in the participant's experience that failure occurred. The themes that relate to Research Question 1 as seen in Table 7 will be discussed in this section.

5.3.1.1 Misalignment of Expectations

Misalignment of expectations was a prevalent finding especially early on in the alliance lifecycle, and was noted by eight of the twelve participants. This relates to the early phase in the alliance lifecycle when firms are conducting their due diligence and negotiating deal terms. These deal terms would include capital contributions, managerial resources and products and services to be provided to the alliance. Ultimately, the combination of all these elements would form part of the product or service to be provided by the alliance. The supporting codes for this theme are included below in Table 8:

Table 8: Misalignment of Expectations Codes

Theme: Misalignment of Expectations	
Supporting Codes	Groundedness
capital requirements	7
channel alignment	2
cost misalignment	10
different emplyee benefits	1
misalignment business approach	6
misalignment expectations	21
misalignment partner contributions	5
quantify contributions	1
risk apetite	4
strategic alignment	20
no strategic value	1
	78

As can be seen by the groundedness weighting, many individuals spoke to a misalignment in the alliance strategy. This includes the channel approach, and which products the alliance decides to market in a particular geography. In combination with these elements would be how the alliance would be organised in a particular market.

There was also a general misalignment on financial measures such as the entity cost burden (people and non-people), and capitalisation requirements. Many participants spoke of the difficulty in estimating the total financial commitment due to uncertainties in the macro-economic environment. This was particularly true in instances where partners do not make a financial contribution and promise other resources that are difficult to quantify. Non-financial contributions lead to difficulties in determining how an alliance should share its profits.

Participant (4) spoke of business plans (pre-alliance) that his multinational created for the Kenyan and Nigerian markets. The business plans produced inflated revenue numbers and a cost structure was designed to support the inflated revenue numbers. When the revenue was not being earned and subsequent profitability was well below expectations, the alliances came into significant difficulties. Participant (4) stated:

"*There's not an honest assessment of what the total addressable market is and that leads to oversized expectations on what you can go get and what I mean by that is that oftentimes we entered a market because we read of the market size on paper and we didn't bake in what our risk adjusted appetite market size that we can go after… If we adjust a total market for the way a multinational has to do business in terms of the rules and policies we have to follow, the market is actually much smaller.*"

Participant (7) spoke to a misalignment in the values of their partner and this led to a lack of trust between the partners. Participant (7) stated:

"*…ensuring values are aligned. And to trust someone means that you have alignment in the values. You trust that that person is going to act in a way that you believe you would act in a similar situation.*"

This relates to a difficulty in relationship with a partner in Nigeria where certain behaviours and values were not aligned. Related to the same venture, Participant (7) also mentioned:

"*… the inability to get alignment during the course of the agreement of the alliance, but also in terms of the exit strategy as well. So failures in that regard, and some failures resulting in wanting to be removed from these alliances ... with regard to expectations and meeting the original business model, assumptions and commitments.*"

5.3.1.2 Governance

Strategic alliance governance was also discussed at length, with the concept featuring in nine of the twelve conducted interviews. The issue of governance was mostly discussed from a contractual governance perspective that details how the alliance should be managed. This includes the management, oversight and contributions of the partners. Capital governance was also a prominent feature which includes the requirement of funds and how those funds were to be utilised. Relational governance is featured more in the opportunism section of the results chapter. The supporting codes for this theme are included below in Table 9:

Table 9: Governance Codes

Theme: Governance	
Supporting Codes	Groundedness
board management	5
business ethics	1
contractual governance	6
controlling stake	1
corporate governance	6
deal terms	1
dispute mechanisms	4
due diligence	1
financial control	4
financial model	1
legal agreements	5
dividends	2
reporting formats	4
reporting lines	3
termination options	3
split of key roles	2
stock control	1
Trust	5
	55

Interestingly, a lack of governance causes failures in the operational phase of the alliance. However, the fact that governance parameters were not well defined in the pre-alliance phase is the origin of the failure. The participants spoke of effective board management and oversight and having dispute mechanisms in place to aid the settling of differences between the partners.

Participant (8) spoke of their frustration at trying to incorporate governance practices in alliances he was involved in outside of South Africa. Participant (8) mentioned that corporate governance is well known and developed in South Africa but not other African countries in which he's been involved. Participant (8) highlighted this statement:

> *"Governance differs from region to region. What you think is governance in a certain region, is not governance in another region. What is an ethic in one region, is not an ethic in another region. Although you can write it down, the culture prevails. Writing down and writing all the scripts and whatever, cannot be beyond the culture of the region. You cannot be an island and think you are going to create a culture of governance. It comes down to the practice of the people or corporates of the region."*

Participant (1) spoke in general of the importance of the JV legal agreements as a key governing document to manage the relationship. Significantly, this was stated:

> *"Your legal agreements! It's very important to set that up very well from the start. Normally what happens with JVs is when you set up a JV, everybody is friendly and everybody is everybody's mates and the rest of it. As things progress and time goes by, it gets a bit more complicated, especially when it comes to future plans with regards to reinvestment. Do we pay out dividends? All those things need to be spelled out very clearly in your agreements up front."*

This was applicable in general across all the JVs participant (1) has managed or been a part of.

Many participants spoke of importance of conducting a thorough due diligence. However, the lengthy period of time that due diligence periods take sees potential changes in the market dynamics in which the alliance must operate. Two participants noted this concern. Participant (6) stated:

"Let's say that the business case was done in year one and then the joint venture was actually formed three or four years later. In a market that's cyclical, now it's at different points. And so you kind of have different expectations."

Participant (10), who is a deal maker, spoke of his negotiation strategy and the best approach to arriving at deal terms that are beneficial to both parties. Participant (10) noted these points on due-diligence and negotiations:

"Lastly, it's the time between the initial engagement between the partners and the closure date. Now, you want that period to be long enough so that diligence can occur, but you don't want it too long. That's when you start getting deal fatigue. Deal fatigue starts an emotion of frustration with each other and that's not ideal."

"The successful partnership is making sure that the partners themselves who've got to work together, going forward, have got a common understanding. There's a meeting of the minds. When your international partner does that negotiation through the mouthpiece of a lawyer, you get a very legal slant to it. That often destroys the commercial excitement around it."

Participant (12) spoke of the ability to identify potential partner risk through proper due-diligence processes. This is what was mentioned:

"Firstly, it's becoming very difficult for dishonest people to participate in business transactions, just because governments and banks are becoming cleverer and cleverer through technology, of managing, and making people aware of who they deal with. If you partner with the bank locally, and you go into a joint venture with someone, you can do your KYC [know your customer] and FICA [financial intelligence centre act] checks. So, you can figure out whether you're dealing with someone who has been a financial or tax delinquent, or who's critically exposed to us."

Participant (10) spoke generally of the importance of trust and how a trust deficit is usually terminal to an alliance:

"There's always the deal behind the deal. Trust to me is a little bit like virginity. Once you've lost it, it's gone, and normally a trust deficit is terminal. I'm not talking about things like the one accountant does not trust the other. I'm talking about principal trust. I don't think you fix it. I don't think you necessarily fix it through governance. You fix it through mea culpa*."*

"A nonfulfillment of a financial commitment is normally a cause for a trust deficit."

5.3.1.3 Partner Fit

Participants mainly spoke about partner size in terms of the partner's balance sheet and their ability to honour financial commitments with regard to their investment in a strategic alliance. Issues of partner fit created failures in the operational phase of the alliance lifecycle. The supporting codes for this theme are included below in Table 10:

Table 10: Partner Fit Codes

Theme: Partner Fit	
Supporting Codes	Groundedness
partner fit	5
individual vs. corpopration	4
indvidual vs. network	1
margin expectations	3
partner size	3
	16

Participants discussed the benefits and pitfalls of partnering with a high net-worth individual versus a corporation. Interestingly, there were mixed views on who the better partner would be and it appears largely circumstantial. Participant (12) noted that when they partnered with a high net-worth individual, they could 'write the recipe'. Essentially they determined how the alliance would operate and the other party provided back office support and introductions to important players. Participant (7) had a contrasting view and suggested that partnering with an individual is risky as it is far too personal for an individual partner.

Regarding partner size, Participant (3) went on to explain the differing intent of partners of different sizes in terms of their profitability aspirations:

"I think size matters! In my experience, joint ventures formed between a really large company like a multinational corporation and a relatively small local company – there is an imbalance of power. …. The large company's interest could be more around expanding its influence in the local market where the smaller company could be more interested in generating profit. Expansion in the market and reputation is not the first priority for them."

This is applicable to the experience of Participant (3) when working on a joint venture in Nigeria where a large multinational, partnered with a high net-worth individual. The intent of the large multinational was to increase its presence in the market, and they were willing to take a longer payback than the local partner.

Similarly to participant (3), participant (9) mentioned*:*

"… particularly in Africa. I would say a company like ours [multinational], which is predominantly manufacturing, it's a heavy-fixed cost business. We need volume and scale, and sometimes in the African context, the partners, aren't that large. They could match us with culture, and they could be wonderful people, but they simply can't offer the scale that we need to meet our margin expectations."

Participant (3) and (9) both work for the same company in different capacities. Participant (9) is referencing an experience when they partnered with a family-owned business in Kenya with whom a distribution strategic alliance was created.

5.3.1.4 Partner Roles
The contributions that partners make to an alliance is a key factor to why they are formed. Participants spoke of contributions that included capital, skills and technology. Importantly, participants also spoke of how the roles of the partners are coordinated to manage the alliance. Issues of partner contributions influenced failure in the operational

phase of the alliance lifecycle. The supporting codes for this theme are included below in Table 11:

Table 11: Partner Roles

Theme: Partner Roles	
Supporting Codes	Groundedness
access to resources	7
manufacturing vs. distribution	1
partner roles	5
resource combination	4
roles and responsibilities	2
synergies	1
technology contribution	1
contacts	1
political connections	2
intellectual property	2
licenses	1
	27

Partner roles need to consider how two independent firms would operate together to promote a unified product or service to their customers. Participant (8) stated:

> "JVs is better when it's [roles and contributions] defined upfront, and each party has got services that are independent, not interdependent, that are to be provided as a service. If you have a JV, it might be that you provide service or you produce a product that forms one product for the client. Or a service that forms one service to the client. And those JVs normally work, because everyone has got a clear duty, has got a clear return that goes to him in terms of financial reward. And is costed accordingly into the whole project. Those mostly work."

Participant (10) spoke of the underestimation of the total capital requirements and the time-to-money (payback period) to realise financial returns from these JVs:

> "It is either the availability of money that people promise. When you go into these joint ventures, a party or both parties will make a financial commitment to that joint venture which they either fulfil or don't. An estimation of total financial

commitment required to make the joint venture successful is usually underestimated. Typically speaking, on many of these joint venture type arrangements, you do have a J-curve effect where the venture will have to absorb start-up costs and really school fees to start off with, while it builds up gravitas in the market. And unless you have a reasonably cynical mind, most people overestimate the pick-up of revenue and underestimate the depths of the cost involved and underestimate how long it takes."

Participant (11) spoke of the appointment of key personnel to important roles in the alliance and how they should be split between both partners. It is largely dependent on the financial consolidation in the parent entity's books. This was stated:

"Who is responsible for what role? We were responsible for appointing the general manager or the MD and our joint venture partner brought in the finance person. It was unconsolidated from our side, consolidated from their side, so it made sense for them to bring in the finance person. But I think it is alignment in appointing the right people in the organisation. We struggled with getting alignment, in particular, as far as the finance person is concerned. We had a lot of false starts, because we did not necessarily appoint the right person. I think we failed a little bit around the people on both the GM side as well as on the finance side."

5.3.1.5 Organisational Cultural Fit

All interview participants spoke of the importance of an organisational cultural alignment between the parties. An international strategic alliance would always have a duality of cultures and this can't be underestimated in the complexities it brings. This requires an active effort from both partners to ensure that there is an integration of the cultures to create an alliance culture. Largely, this integration is poorly managed or ignored and creates significant difficulty for the alliances. Six participants spoke in detail of the need to ensure a cultural fit as a cultural divergence was detrimental to the alliance. A poor cultural fit influences alliance failure in the operational phase. The supporting codes for this theme are included below in Table 12:

Table 12: Organisational Cultural Fit Codes

Theme: Organisational Cultural Fit	
Supporting Codes	Groundedness
cultural fit	4
culture	8
partner values	1
values alignment	2
	15

Participant (7) stated that:

"…then cultural fit is important, and when I say cultural fit, it's determining that the values of that partner are aligned to your company's values. Where you see failures in behaviour is where those values are not aligned. So, the partner wishes to behave in a certain way through a negotiation, and our values determined that we should go another way, and that creates unnecessary conflict."

There was a mention of a sense of cultural ignorance from South African firms who ventured across borders to form alliances in SSA. Participant (12) noted that:

"And there's this view that you can take those structures (of the South African firms), and you can just lift them up in South Africa and apply them in a foreign market and it will work. Generally, in my experience that doesn't work, because number one, each country's regulations and way of doing business is different to what South Africa is, and to what each others are. So, you've normally got to try and adapt your processes, structures and systems to suit."

Considering American multi-nationals who are now looking to develop their presence in SSA, participant (4) stated:

"We definitely made a mistake in treating Africa like India and China, in so far as you do one deal, you set up business in one country, thinking you can take those

learnings and do it another country, because at the end of the day Africa is not a country. It's a continent, everyone knows this, we're all different. But if you look at most sort of multinationals experiences in India and China, you know it's opening one factory, one storefront, one office, and one place and then just replicating that. And obviously there are little local providential differences in China and India, but it's at the end of the day there's a learning curve."

5.3.1.6 Macroeconomic Conditions

It is well-known that operating conditions in SSA are challenging. Many interviewees cited the challenge of currency repatriation and currency devaluation in their international ventures. The challenge of economic cycles and political instability was also discussed. The local regulatory framework is also unpredictable, and changes in the environment brings rise to eventualities that were not planned for. Generally, this could be classified as market failures, where business potential did not turn out as expected. Macro-economic conditions influence failure in both the pre-alliance and operational phases. The supporting codes for this theme are included below in Table 13:

Table 13: Macroeconomic Conditions Codes

Theme: Macroeconomic Conditions	
Supporting Codes	Groundedness
currency devaluation	1
currency repatriation	4
economic cycles	4
economy	5
local complexity	4
local regulation	3
localisation	1
market failures	3
political risk	1
politics	2
total addressable market	1
government over-legislation	1
	30

Participant (4) spoke generally of their experience of operating in the region and noted the challenge in managing the different currency regimes. These regimes made it difficult to repatriate funds to their parent company. This was noted:

"And just like really understanding the currency regime in the country. Oftentimes we were buying in USD and we were selling in local currency. We were buying our own product from overseas. And in a deflationary period, you're not making any money because your costs are continuing to rise as you collect in local currency and your product, your cost of goods sold, continually goes up. And there's a whole host of additional currency obligations that's probably the most salient. But I think really understanding that and pressure testing the risks around that and running the math and doing the full sensitivity on that is really, really important."

Participant (1) spoke about market cyclicality and mentioned that alliance structure needs to be sufficiently robust to deal with these changes in market conditions. The significant statement:

"The businesses are doing well, and budgets are being made, the profits are being made then a JV is easy. It's when things start getting a bit more difficult and in Sub Saharan African economies, they go through cycles quite drastically, so your JV needs to be able to cope with that cyclicality."

5.3.2 Conclusion of Results for Research Question 1

Regarding internal factors to the alliance, participants spoke of the need to align the strategic intent of the partners and subsequently align their roles and responsibilities within the alliance. This also includes the resource commitment to the alliance. The participants spoke of the need for an organisational culture fit between the parties and for the values of the participating parties to align in how they wanted to conduct business. The participants spoke of the importance of governance in how an alliance is managed. This should be documented in robust legal agreements. They also spoke of the importance of trust as legal agreements are not all-encompassing and, at times, trust

between the partners should be strong enough to deal with certain disputes or disagreements.

External factors were also discussed at length, and these include economic cycles and political instability. The currency regimes and availability of foreign currency were also-cited as major challenges. Alliance partners also need to be aware of local regulations and legislation as this informs their means of operation.

5.3.3 Research Question 2

Research Question 2: How does opportunism (opportunistic behaviours from alliance partners) influence international strategic alliance failure as experienced by international business practitioners?

This research question sought to understand what forms of opportunism participants experienced. This was achieved through a dedicated question with supporting probes in the interview guide. The questions sought to understand what opportunism was experienced. If needed participants were further probed to provide examples of an instance where a particular party tried to gain an unfair advantage over the other. Participants were then probed to provide examples of performance inefficiencies on behalf of their alliance partner and whether there was unfair drive for a transfer of resources. Lastly, participants were asked if there were any trust issues between the parties and whether any specific governance techniques were employed to alleviate these trust issues. The themes that relate to Research Question 2 as seen in Table 7 will be discussed in this section.

5.3.3.1 Opportunism

The presence of opportunism and how opportunism influenced failure was posed to the interviewees through a dedicated question in the interview guide. It must be said that the results had a varied level of success as people tended to speak generally of such behaviours or experiences. As was expected, people do not like to speak of failures that they were involved in. The opportunism is split into four sub-themes which are laid out below.

5.3.3.1.1 Unequal Contribution

The first sub-theme that was prevalent in the data was an unequal contribution from the partners. This was mainly in the form of capital contributions but also managerial contributions. Unfulfilled financial commitment was the most largely cited form of unequal contribution where partners wanted to share in the upside of the alliance but not fulfil their obligations when there was a downside and capital was required.

Unfulfilled commitments lead to a feeling that there is adverse partner dependency and, where a certain party is doing more work than the other, a sense of partner dependency arises on the one side and autonomy on the other. If partner contributions are not balanced, alliance partners may feel that they can do the business themselves and start questioning the need for the strategic alliance. The supporting codes for this theme are included below in Table 14:

Table 14: Unequal Contribution Codes

Sub-theme: Unequal Contribution	
Supporting Codes	Groundedness
unequal benefit	1
unequal contribution	10
unequal capital contribution	6
unfulfilled commitments	2
inequity	1
individual benefit	1
false partner claims	2
financial posturing	1
partner dependence	1
leveage multinational brand	1
legal ambiguity	3
Lack of partner funds	1
partner autonomy	1
partner circumstance	1
	32

Participant (4) spoke of their experience of working for a large multinational who had access to large sums of capital and how local partners did not want to honour their capital calls. This statement was noted:

"I think there was sort of a behaviour or more of a posturing that we were going to contribute more financially. It would be 50:50 somehow. But we would always have to contribute more money because we could. And I think partly because we had more to gain from the partnership thinking of the standard strategy question of added values that we always had. We always had more to gain from the partnership than they did. We oftentimes like acquiesced. And one way or another. It was a behaviour I saw from multiple partners, is that there was a request, a desire or sometimes a demand that we would pony up more. It was from a posturing, 'Well, you can afford it. You've got all the money in the world'."

Participant (8) also spoke of their challenges in this regard whilst working for a multinational and participating in a strategic alliance in Nigeria. The partner to that alliance did not want to make a financial contribution and instead put forward non-financial input which led to many complexities. Participant (8) noted:

"The one party, an international partner would put in capital, the other party would not have capital. They might have other value that they bring. Maybe they brought the project to us, or they've got certain rights that we don't have, then we use that as a value to the JV. Then we [only one party] capitalise the business. As we capitalise the business, we expect to first recoup our shareholders loans in this case… then we can then share the upside with the party. Because they normally don't share the downside, which is a problem. … Especially these JV's that we did in Nigeria, that failed because of that. These people had a political upper hand over us and made the project stand still for some environmental issues and they created some havoc for us and the JV fails."

This in turn created difficulty in quantifying the partner's contributions and a lack of a track record created challenges. Participant (8) explained:

"…because some performances you are unable to adequately measure in advance. It's all expressions that you hear from the person. … It's better to look at the business of that person, and test that business, and get the history of that business."

66

Participant (7) also spoke of their frustrations, where an alliance partner would try to give up their share of future profits to avoid capital calls. Participant (7) stated:

"If one partner has a greater size than the other, that partner should not be made to feel the burden of continually financing the enterprise and the other partner, relying on future profits to fund the enterprise. And then those don't happen and creates a whole bunch of conflict."

Participant (9) spoke of partner dependence. When there is unequal contribution and one party feels that they are contributing way more than the other, the question to be asked is whether the bigger contributor can go it alone:

"…where one partner was very dependent on the other. Over time, it becomes one partner can do it themselves? It's so out of balance!"

Participant (1) spoke of how they saw a partner wanting to withdraw their commitment due to a change in their own circumstance:

"The other thing that does happen is that the JV partner's circumstances change. If the partner now needs funding for something else, and he needs to withdraw funds for circumstances completely outside of the JV for other businesses in their personal capacity, that affects the JV due to the change in the partner's commitment."

Participant (9) specifically spoke of a local partner wanting to leverage the multinational's brand to promote their own business or their own interests:

"But I have seen where some of the JVs, especially when it's a small company, if it's a family company, if it's very local, not well known, they want to leverage our name and utilise our brand name and the partnership with us across more than just the particular JV. But they want to be able to say right that they're in a

JV, or in a partnership with us [large multinational]. This is particularly relevant when they create a JV facility with us."

Lastly, participant (4) spoke about a local partner trying to take advantage of some legal ambiguity related to an employee benefit liability. They explained:

"And there can be ambiguity, it really does happen, like we literally had in one case, we were looking at. It was some sort of employee benefit liability and the, the legislator and the country had passed the law. And so yeah we had one law firm telling us yes this is a tax liability like it was very clearly passed, the law has been passed, and you had one lawyer telling us. Well, but the tax authority has never enforced it."

5.3.3.1.2 Intent of the Partners to do Group Business

The second sub-theme that was noted was the intent on behalf of the partners to do business with the alliance from other companies in their group structure. Partners to the alliance would generally state that they can supply goods and services to the alliance for it to utilise as part of its offerings. At times, these arrangements are abused with inflated pricing and a desire from the partners to venture into non-core activities. Services mainly consisted of shared services offered to the alliance and some participants felt the value offered did not justify the cost. There was a sense that partners were using the alliance to fund some of its people cost. The supporting codes for this theme are included below in Table 15:

Table 15: Group Business Codes

Sub-theme: Group Business	
Supporting Codes	Groundedness
funnel money	1
group business	6
global partnership misuse	1
shared services	1
non-core activity	1
personal vs JV benefit	1
	11

Participant (4) spoke of how his company, a large multinational, oftentimes neglected the profitability concerns of the local JV entity as they made profits in the supplying jurisdiction. Participant (4) stated:

> "This relates particularly to a multinational that is looking for a local partner to help distribute a product. I think we often always looked at the business case from a group perspective. As the OEM manufacturer, we always made a ton more money offshore. You had to break the model pretty significantly for it to be enterprise-wide bad investment for us. And I think we oftentimes maybe glossed over the standalone impact. We saw the standalone numbers didn't look great, but we were always okay with that because it was an extension of our core business. And I think we didn't always fully appreciate that our partner only has the distribution side of that equation. And so that it has to be a really solid standalone business for them."

Participant (6) also spoke of their experience. This example, however, is from the multinational's perspective when partnering with local owners who have established groups of businesses:

> "When you work with local business partners, that's always kind of a risk, especially when they own multiple businesses and do other things. … He has other businesses, right, where he's trying to funnel money from this one business in and out of it. Maybe not necessary from a from a legal standpoint, but trying to

kind of give business contracts and other types of things, right, to kind of have
this string of pearls right where his other business is to benefit by having this, this
other kind of joint venture in place, and not realising that he kind of has ownership
of those other businesses and all that. That's why we're single-sourced in that
area and so forth."

5.3.3.1.3 Lack of Focus in Promoting Alliance Business

The third sub-theme relates to a lack of focus in promoting the alliance's business. This is a form of free-riding where the local partner would help to establish the alliance and then fade to the back and not actively work towards achieving the alliance's objectives. Participants also felt that in an alliance partners group structure, they would prioritise their wholly-owned businesses over the alliance as they would have to share the profits. The supporting codes for this theme are included below in Table 16:

Table 16: Lack of Focus Codes

Sub-theme: Lack of Focus	
Supporting Codes	Groundedness
prioritise wholly-owned business	4
free riding	2
lack of focus	4
fade to back	2
	12

Participant (9) spoke of their frustrations in this regard:

"I've seen a behaviour sometimes with the partners, particularly when they have
other successful businesses that are wholly owned by them. They do not want to
invest in helping the JV to be successful locally, maybe from a relationship
standpoint or a political standpoint, because they only get 50% or whatever share
of the benefit. … They have local connections, local relationships, but when it
comes down to it, they would rather help their wholly-owned businesses navigate
those type of things rather than a JV."

5.3.3.1.4 Imperialist Mentality

The fourth sub-theme relates to an imperialist mentality that was imposed on the local partner on behalf of the international partner. International partners sought to impose their systems and processes on the alliance entity without a consideration for the local nuance in operating conditions. The supporting codes for this theme are included below in Table 17:

Table 17: Imperialist Mentality Codes

Sub-theme: Imperialist Mentality	
Supporting Codes	Groundedness
imperialism	6
african cultural complexity	2
cultural divergence	2
cultural nuances	2
	12

An imperialist mentality that was introduced in the cultural fit section. Participant (12) spoke of their experience of an imperialist mentality on behalf of the international partner when entering into markets in SSA:

"I've seen that from the South African businesses that we try and take into these countries, where they honestly believe that they're better, bigger, and therefore try and take advantage of the local partners. And that normally fails, because guys are awake to that. You know you're always going to be the new person there. You've got to be in a country for a very long time before you're considered part of the fabric. So, you've got to keep your local partners on your side. But by the same token, I've seen local partners try and use that, and be opportunistic about taking advantage of the fact that we don't know where we are or what we're doing. You know, you'll have one set of conversations, and then create a certain strategy, and then, on the other hand, will be implementing something totally different to you.

"We're looking at taking some businesses into one of our neighbouring countries, and we've had to be very sensitive to the fact that we can't be seen as the South

Africans running in on our silver stallion to try and save everyone. These are highly qualified people, highly educated, very experienced who want to write their own story, and we've got to go there really, with a view to partnership first, and then see what comes after that. In SSA, we have found that as long as we're respectful of their desire to be self-determining, I find the public sector far more supportive than here [South Africa].

"There is more responsibility on the 'big brother' to take care of the relationship because you have more resource. You might not know as much about the country, but you do have more resources and therefore you have to be careful to not to be seen that you are using that resource to favour you and not your local partner."

5.3.4 Conclusion of Results for Research Question 2

Opportunism was discussed at length with many insights provided by the research participants. The themes that arose from this research question included an unequal contribution on behalf of the partners, the intent of a party to gain over the other by abusing group business, a lack of focus in promoting the alliances business, and lastly an imperialist mentality on behalf of the international partner.

5.4 Conclusion of Results

5.4.1 Composite Description and Essence

This chapter has presented the reasons for strategic alliance failure and the potential for opportunism to influence failure, as experienced by international business practitioners operating in SSA. The textual and structural descriptions have provided a description of what happened to cause failure and where applicable, a structural description has been added to show how a specific context may have influenced the phenomenon. The essence of the phenomenon as described by the participants in the study is complex and depends on many factors. It also aligns to aspects of the literature review, where alliances are described as very complex governance mechanisms.

5.4.2 Visualising the Essence of Experiences

The visualising of the essence of the experience is brought to light through the code summary tables as seen in this chapter. Further description and visualising of the essence can be found in the conclusion to the study in Chapter 7. This includes a conceptual model of the findings.

Chapter 6: Discussion of Results

The purpose of this chapter is to discuss the results presented in Chapter 5. The results detailed the experiences of the interview participants on the phenomenon of strategic alliance failure and opportunism. The aim is to compare and contrast the participants' experiences of opportunism and strategic alliance failure to that which was found in the literature review in Chapter 2 and introduced in Chapter 1. This seeks to either confirm that the findings and the literature are aligned, extend the literature, or contradict the literature.

The interview guide was designed to achieve two outcomes. Firstly, the researcher wanted to find out what strategic alliance failures the participants had seen or experienced and what they think caused them. This is aligned to the in-situ conditions pictured in Figure 3 of Park's and Ungson's (2001) model. Secondly, and delving more into the approach of Park's and Ungson's (2001) theoretical model on alliance failure, the researcher wanted to find out what specific opportunistic behaviours the participants had seen which they thought influenced failure. This also saw participants discussing the ex-post conditions of trust, equity and perceived benefits of their involvement in strategic alliances. The researcher also asked the participants about governance mechanisms they employed to curtail or prevent opportunistic behaviours. This is aligned to both the theory of TCE (Cuypers et al., 2021; Williamson, 1979) and Park's and Ungson's (2001) model.

6.1 Discussion of Research Question 1

Research Question 1: What has caused international strategic alliance failure as experienced by international business practitioners?

The aim of this research question was to identify the in-situ conditions which influenced alliance failure. Park and Ungson (2001) identified the following conditions which influenced failure: changes in the external environment, perceptions of balanced contributions, pace of bilateral learning, and changes in strategic positioning. All these themes except the case of bilateral learning were prevalent in this study and are

discussed in more detail in this chapter. The researcher was expecting to uncover themes along these lines with regards to the in-situ conditions influencing alliance failure.

Many participants spoke of cultural fit and partner fit. In their experience and in their opinion, they saw alliances fail as there was not sufficient cultural and partner fit between the partners. This was exacerbated by the fact that expectations and the intent or strategy were not aligned. Gomes et al. (2016) and Niesten and Jolink (2015) classified cultural and partner fit as success factors for having a mutually beneficial and successful alliance. As a result, these two aspects were not the main focus of the literature review and are not discussed at length in this chapter.

In conducting the interviews, the researcher did find it challenging to solicit views from the participants of the study to not solely focus on what they thought it takes for a strategic alliance to be successful. It was a natural inclination for almost all participants to rather speak to what they think constitutes success instead of discussing failures of which they had been a part. This is consistent to what was mentioned by Hohberger et al. (2020) and Rajan et al. (2020), in that people would rather not discuss failures of which they were a part. This has made theory development in regard to this subject more challenging and a primary reason to why theories explaining alliance failure remain at the nascent phase (Gomes et al., 2016; Niesten & Jolink, 2015; Parameswar et al., 2021; Rajan et al., 2020).

6.1.1 Misalignment of Expectations and Partner Roles

Park and Ungson (2001) discussed the fact that the sheer complexity of an alliance arrangement made it difficult for partners to evaluate the contributions and the outcomes of their contributions. From the study, this was prevalent when a party to the alliance did not want to make a financial contribution to the alliance. Instead, they promised business contacts, certain licenses and project access as their contribution. When it came to dividend pay-outs, the alliance came under significant pressure due to perceived inequity when dividends were not paid out to first settle shareholder loans.

Cuypers et al. (2021), Hennart, (2010), and Rindfleisch (2020) discussed the imperfect alignment of incentives, which increased the transaction costs due to the perceived risk of opportunism within the alliance. The importance of defining partner expectations was discussed at length. Gomes et al. (2016) and He et al. (2021) mentioned the challenge of coordinating an alliance with partners who have conflicting strategic directions. The importance of clearly defined roles and responsibilities was mentioned as a failure in this regard and led to performance issues for the strategic alliances.

Many participants spoke of the lack of alignment between partners in the strategic intent and expectations of the alliance. This included the lack of alignment to a long-term strategic vision for the alliance entity as a standalone to add strategic value. This was cited as a significant contributor to failure. The actual strategy of the alliance also needs to be well-defined. It's not always clear if the intent is to grow the business or position it for growth and future development. Additionally, partner exit also needs to be managed, and the inclusion of PUT or CALL options in your agreements is very important. These options define how partner exit is managed. A party will have the option to either PUT their shares to the other or CALL the other parties shares. This aligns with the issues of the basic premise of an alliance in that it juxtaposes two countervailing tendencies: i) cooperative activities which lead to the execution of shared objectives, and ii) competitive behaviours where partners pursue their own interests (Asgari et al., 2018; Bengtsson et al., 2016; Kim, 2017; Russo & Cesarani, 2017).

There was mention of challenges related to an addressable market size versus a total market size. Working for a multinational and due to the unfortunate presence of corrupt activity in certain parts of the market, the addressable market size was significantly smaller than the total market size and this led to oversized expectations in the alliance's business plan. This can quickly lead to profitability issues in the alliance evaluation phase (Gomes et al., 2016).

The investment of capital to form an equity joint venture is considered a mutual hostage as it attempts to align the incentives of partners to their contributions and motivate for higher commitment (Gulati, 1995; Kogut, 1989; Park & Ungson, 2001; Shu et al., 2017). A frequent frustration cited was the difficulty of partners not meeting their financial

commitments. The quote by George Bloomhart Shaw, "The lack of money is the source of all evil," is an adept summary of this situation. According to the findings from this study, the non-fulfilment of financial obligations stem from a lack of alignment in terms of cost structures of the alliance business and a misalignment between the partners, which led to an overburdened cost structure with costs the partners did not agree to. This has further implications in terms of time-to-money of expected payback of initial investments from the partners.

6.1.2 Governance and Trust

Due to the perceived threat of opportunistic behaviours, parties to an alliance implement contractual safeguards to protect themselves (Hennart, 2010; Krishnan et al., 2016; Rindfleisch, 2020; Williamson, 1979). These governance agreements lay out how an alliance will operate, and penalties for a breach of contract (Williamson et al., 1991). Given the inability to contract against all eventualities, "Trust can substitute for hierarchical contracts in many exchanges and serves as an alternative control mechanism" (Gulati, 1995, p. 93). Strong trust between partners can therefore see less formal governance being employed to govern the alliance (Balboni et al., 2018; Gulati & Nickerson, 2008; Krishnan et al., 2016).

Certain participants of the study aligned to the complementary effect of trust as a control mechanism which, according to Gulati and Nickerson (2008) and Mellewigt et al. (2007), acts as mutually reinforcing mechanisms. Most participants of the study spoke of the importance of very well-defined agreements which clearly state how the alliance will deal with dividends, reinvestment and capital calls. In the beginning of an alliance when everything is going well and there are no issues and everyone is cordial, there seems to be no need for well-defined dispute mechanisms. If the alliance comes into difficulty at a later stage, it quickly leads to tension if these elements are not well defined in the alliance contracts.

The alternative view of trust as a governance mechanism, the substitute view of Dyer and Singh (1998) and Gulati (1995), explains that strong trust sees the non-use of other governance mechanisms. In all conducted interviews, there was a preference for the use of formal contractual governance. Contractual governance or formal control is

important in the alliance context as it is an attempt at a safeguard against the potential of opportunistic behaviour from the counterparty (Guo et al., 2020). A well-defined documentation trail across all elements of the alliance management lifecycle was discussed. This includes due diligence, alliance agreements and board minutes as this acts as a surety mechanism to act upon what was principally agreed.

Judge and Dooley (2006) further stated that relational governance is the best mechanism to protect against opportunistic behaviours. A certain participant in the study was of the strong belief that trust is vitally important in the alliance context. A trust deficit in an alliance is usually terminal. It is not necessarily fixed through governance. It requires a *mea culpa* and acknowledgement from the perpetrating partner. The relational governance aspect comes from a *mea culpa*, in acknowledging that a mistake was made and owning up at an early stage. This gives some chance of maintaining the integrity of the relationship. This also aligns with the findings of Asgari et al. (2018), who stated that the building of social cohesion or shared value may also serve as a governance mechanism by creating and enforcing a modus operandi, which encourages cooperation and discourages opportunism (Asgari et al., 2018).

Participants of the study spoke of how governance differs from region to region and how important it is to adapt your ways of working to find a workable solution in your alliance jurisdiction and with your alliance partner. This aligns with Oliver Williamson's theory of TCE, which predicts that organisational actors will seek to maximise the gains of interdependence by "assigning transactions (which differ in their attributes) to governance structures (the adaptive capacities and associated costs of which differ) in a discriminating way" (Williamson, 1985, p. 18).

The governance agreement attempts to serve as a hostage-taking mechanism and reduces the potential of opportunistic behaviours from partners to the alliance (Williamson et al., 1991). This finding aligns with the fact that the presence of competition within a cooperative alliance results in higher transaction costs as partners attempt to create safeguards through their contracting to avoid opportunistic hazards (Cuypers et al., 2021; Krishnan et al., 2016; Park & Ungson, 2001; Parkhe, 1993; Williamson, 1979).

6.1.3 Partner Fit

Kang and Zaheer (2018) discussed managerial opportunism in deciding on a suitable partner and what role corporate governance mechanisms have in determining partner fit in an alliance. Kang and Zaheer (2018) concluded that the determinants of alliance partner choice need to be revisited given that agency considerations apply more acutely than the assumption of a unified utility function.

Inadequate partner fit was recognised by most participants as a contributing factor to strategic alliance failure. From the results of this study, issues of partner fit came from the different expectations of the partners. This predominantly relates to financial expectations. An international partner may be more inclined to improve their market reputation and awareness, especially early on in the alliance lifecycle when the alliance is trying to establish itself in the market. The international partner with more financial reserves may accept a longer payback period and in this instance expectations around partner fit are not aligned. This is in contrast to the local partner who may predominantly be concerned with making a profit. These contrasting expectations are an example of poor partner fit, and are aligned with the findings of Kang and Zaheer (2018) that agency considerations need to be considered.

6.1.4 Organisational Cultural Fit

Elia et al. (2019) stated that cultural diversity, especially between a local and international partner (usually of an MNC), causes cultural duality between the host country and home country's culture. The difficulties of cultural diversity and differing approaches to conducting business were highlighted by all of the participants as a key challenge to engaging in an international strategic alliance. These challenges include managing the cultural duality that is prevalent in an alliance in order to meet the alliance's strategic objective.

Shu et al. (2017) and Elia et al. (2019) mentioned the difficulties in managing a governance mechanism with multiple cultures and how that impacts the ways of doing business. Elia et al. (2019) further said that cultural diversity has negative impacts on exploitative alliances but a positive impact on explorative alliances.

From the findings of this study, it is seen that a poor cultural fit could arise when the values of the partners are not aligned. These behaviours usually contribute to alliance failures. This conflict is especially prevalent in negotiations and acting upon what is principally agreed. When the values are not aligned, there are difficulties in implementing frameworks and processes to govern alliance operations.

This is in contrast with findings from Elia et al. (2019) who found that cultural diversity should be a benefit for alliances in an explorative phase, in which most of the participating alliances of this study were. There is alignment with the findings of Shu et al. (2017) that difficulties in cultural understanding lead to sub-optimal alliance performance.

6.1.5 Macroeconomic Conditions

Irwin et al. (2022) spoke of the challenges in the operating conditions that alliances face. Many participants spoke of currency challenges when operating in SSA. These challenges relate to the repatriation of currency from the host country of the alliance to the international partner's parent organisation.

Additionally, there are issues of local currency devaluation and this impairs alliance profitability when alliances must pay offshore factories (usually of the international partner) in USD for sales made in SSA in local currency. The profits earned from the sale of products and services in local currency diminish as the local currency devalues. This is further exacerbated by the time it takes to repatriate money, further extending the period of currency exposure. This was a very common theme amongst most interviewees as they were speaking from the point of view as the international partner to the alliance.

As discussed by Handley and Angst (2015), the underdeveloped institutional frameworks and rapid changes to these frameworks were cited as a severe challenge for business operations. This is of particular concern as institutional environments determine a firm's strategic choices and how they go about coordinating the costs of their economic exchanges (Cao & Lumineau, 2015; Zhou et al., 2017). The results of

the study cited examples of how changes in political dispensations give rise to challenges to an alliance, especially if a partner uses their relationships as a key contributor to the alliance relationship.

Shu et al., (2017) spoke of the challenges of environmental uncertainty, which include institutional and bureaucratic challenges, and economic and political instability. A non-financial contribution makes the sharing of alliance profit a significant challenge. In some cases, alliance partners may not pay out dividends until they have recouped their shareholder's loan to the strategic alliance and this caused much friction between the parties.

When deciding on an alliance partner, the circumstances need to be evaluated. It must be decided if a high net-worth individual or an organisation with a proven track record is the better fit. Changes in the institutional environment (Handley & Angst, 2015) may change the dynamics of an alliance and partner contributions. From the study's results, localisation requirements and instances where partners promise introductions to key political players to win tenders are problematic as this may never materialise due to issues in the institutional environment.

6.2 Discussion of Research Question 2

Research Question 2: How does opportunism (opportunistic behaviours from alliance partners) influence international strategic alliance failure as experienced by international business practitioners?

The aim of the research question was to understand whether opportunistic behaviours on behalf of one of the partners played a role in international strategic alliance failure. The research question is grounded in TCE (Cuypers et al., 2021; Williamson, 1979) theory and forms part of Park's and Ungson's (2001) integrative model of alliance failure. This follows an inductive approach, where the researcher wanted to find evidence from the interview findings to create theory (Flick, 2018).

6.2.1 Opportunism

6.2.1.1 Group Business

Asgari et al. (2018) argued that competition within a firm's portfolio of partners increases the risk of termination but that firms may mitigate the risk through portfolio configuration. D. Zhao et al. (2021) found that if there was a greater number of relationships between the partners, the partner or network embeddedness would be increased, which leads to greater social cohesion and facilitates the enforcement of common norms.

The intent to do business with the alliance entity to benefit other group businesses of the partners was a common finding of this study. One may argue that the purpose of the alliance is to bring together different capabilities and competencies (Kohtamäki et al., 2018). However, the view of participants that cited this as a concern was that partners were driving business that either did not align with the core business of the alliance or were inflating transfer prices of inventory for private benefit extraction.

This was prevalent on the part of both the international and local partners. In certain instances, the international partner made high profits from the supplying jurisdiction and did not always prioritise the profitability of the alliance entity given their offshore profits. The mention of convoluted equity structures where partners would create a string of pearls in terms of multiple contracts to extract more personal benefit from the alliance was also cited.

6.2.1.2 Lack of Focus

In certain instances, the alliance partner also did not provide the focus or effort to promote the alliance's business activity. They had other businesses in their group structure, and would rather focus on promoting those own businesses over the alliance's, to avoid sharing profit. This aligns with what Park and Ungson (2001) termed as 'free-riding', where an alliance partner would be involved in the setup and afterwards, relinquish involvement but still embrace any upside of the alliance.

6.2.1.3 Imperialism

The concept of imperialism was not covered in the literature review but as this was an interesting insight, it has been included in the discussion. Imperialism according to Britannica (n.d., p. 1) is, "a state policy, practice, or advocacy of extending power and dominion, especially by direct territorial acquisition or by gaining political and economic control of other areas". The finding was mostly related to South African firms who were overconfident in their strategy to merely 'lift and shift' their structures into other SSA countries. It was also mentioned how American firms approached the SSA market and treated it much like India and China. As the skills and education levels are improving across SSA, participants were of the view that a level of partnership needs to be entered into instead of this one-size-fits-all approach.

6.2.1.4 Unequal Contribution

Other forms of opportunism as mentioned by Kogut (1989), McCutchen et al. (2008), Park and Ungson (2001), and Rajan et al. (2020) include uncompensated transfers of technology, misuse of intellectual property, imitation of technology, distortion of transfer prices, unwanted downstream competition along with associated operational difficulties. This is aligned with a finding from this study that cited the difficulty of having an alliance where intellectual property needs to be shared with partners for in-country manufacturing operations. Due to a lack of trust, the designs had to be redacted to not overshare information which would have otherwise equipped the partners to imitate the technology.

Williamson described opportunism as "self-interest with guile" (Williamson, 1979, p. 234), where economic actors withhold sharing full information with the intent of benefiting themselves from an economic exchange. Verbeke et al. (2019, p. 2) summarised opportunism as, "a tendency toward deceitful behaviour leading to explicit or implicit violations of contracts with foreign partners". There was an instance of a partner trying to take advantage of some legal ambiguity to avoid paying certain employee benefits. Participants also spoke of how a local partner tried to capitalise on the fact that their international partner was not familiar with the ways of working and local nuances of the jurisdiction of the alliance. This came through mainly in the

execution of the alliance strategy which was executed differently in-country by the local partner to what the international partner was expecting.

In other cited examples from the research participants, many spoke of unequal benefits or contribution to the alliance which led to conflict between the parties. Firms may also withdraw their resource commitment and start 'free-riding' on their partners' resources (Gulati & Nickerson, 2008; Park & Ungson, 2001). An unequal contribution creates a situation of reduced dependence (Hamel, 1991; He et al., 2021; Hu et al., 2021) as technically one party could do the business themselves. This was a particular frustration in an instance where a local partner almost expected their international partner to contribute more financially just because they had more funds available. This was discussed as inefficient and not aligned with the strategic view of alliances to combine resources.

Some of the cited examples in this study include a partner trying to sacrifice future unknown profits to avoid making a capital calls. This could be classified as relational uncertainty, which is linked to a partner's unpredictable behaviour (Dyer & Singh, 1998; Mikami et al., 2022; Musarra et al., 2021; Verbeke et al., 2019).

Additionally, there were challenges where a party to an alliance did not want to make a financial contribution but relied on project rights and political connections as their contribution which is difficult to quantify when it comes to profit distribution. These unbalanced contributions lead to evaluations of the utility of strategic alliances. Unbalanced contributions causing heightened partner dependence lead to questions of whether alliance partners should rather just attempt the business by themselves.

6.2.1.5 Learning Race

Opportunism within alliances could see firms proactively trying to create internal capabilities, develop skills and transfer knowledge for private use outside the terms of the existing alliance for individual gain (He et al., 2021; Hu et al., 2021; Parameswar et al., 2021; Rajan et al., 2020). Hamel (1991), He et al. (2021), and Hu et al. (2021) spoke of the alliance learning race which explicitly speaks to firms trying to create competencies and capabilities that reduce partner dependence, allowing a party to

operate autonomously. This was an aspect that the researcher was expecting to uncover as part of the data collection, but it did not come through as a theme in the analysis. A possible explanation may be due to the lack of manufacturing focus of the represented sample. The sample included mainly distribution companies which did not have a specific focus on manufacturing, barring one example that was cited in this chapter.

6.3 Additional Findings

An unexpected finding that is being presented in the discussion is the cause of failure being matched to a phase in the alliance lifecycle. The causes of alliance failure have been matched to the alliance lifecycle (Gomes et al., 2016) in Table 18 below:

Table 18: Causes of Alliance Failure Matched to Alliance Lifecycle

Pre Contract	Post Contract	
Pre-Alliance Phase	**Operational Phase**	**Evaluation Phase**
o Macroeconomic conditions o Misalignment of expectations o Governance	o Partner fit o Cultural fit o Governance o Macro-economic conditions o Partner contributions	o Evaluation of profitability and performance against alliance objectives

The effects of macroeconomic conditions are felt throughout the alliance lifecycle. It's interesting that these conditions are an input into the due diligence process which informs the alliance governance mechanism in the pre-alliance phase. The misalignment of expectations is closely linked to the governance process and there was discussion of failures in this regard as the mechanism was designed according to misaligned expectations. The governance failures provide difficulty to alliances in both the pre-alliance and operational phases.

In the operational phase, the issues of poor partner and organisational culture fit was discussed. The alliance could also feel the adverse effects of poor partner contributions in instances where partners don't honour their resource commitments to the alliance.

Partner contributions comprise of resources, which could be financial or managerial to support the governance that was agreed between alliance partners.

6.4 Conclusion of Discussion

As stated in the literature review, opportunism may occur at two points in time: ex-ante (before any commitment is made) and ex-post (after a commitment is made) (Mikami et al., 2022). Kano and Verbeke, (2015) identified three categories of bounds on reliability: i) opportunism as intentional deceit, ii) benevolent preference reversal, and iii) identity-based discordance.

Benevolent preference reversal relates to individuals who continuously engage in dysfunctional preference reversals, which suggests that the challenge at hand extends beyond the problem of access to information (Kano & Verbeke, 2015). This occurs in two ways. One is through good faith reprioritisation, where firms make commitments in good faith benevolently but those commitments lose their significance with a change in certain circumstances (Kotlar & Sieger, 2019). Alternatively, firms over-commit and make unrealistic commitments which subsequently need redressal (Kotlar & Sieger, 2019). Lastly, identity-based discordance relates to eventualities where individuals fail to honour commitments as they have an attachment to a conflicting identity (Kotlar & Sieger, 2019).

In terms of this paper's contribution to literature, the findings mostly aligned with what was found in the literature review. As discussed, partner fit and organisational cultural fit align more with success factors (Gomes et al., 2016; He et al., 2020; Niesten & Jolink, 2015) than causes of alliance failure (Parameswar et al., 2021; Rajan et al., 2020). An interesting element, however, was the discussion around imperialism and how especially South African and American firms have a sense of arrogance when venturing into other SSA countries. This is an interesting nuance that could be considered for more detailed study in terms of cultural fit for strategic alliances in the region.

The mention of challenging macroeconomic conditions was an expected finding. As described by Cao and Lumineau (2015), Handley and Angst (2015), Irwin et al., (2022), and Zhou et al. (2017), the macroeconomic environment does provide a significant

challenge to any governance form in terms of business operations. This includes institutional and political frameworks. This is an element that is largely out of an alliance's control, but they can put risk mitigation measures in place to reduce the impact of such effects.

Governance failure was also an expected finding given the need for sound contracting to protect the rights of alliance partners (Krishnan et al., 2016). Contractual governance is largely the mechanism that all participants rely on to protect their interests and govern the running of their alliances. Participants were also aligned on the idea that trust is an important aspect of the relationship, but at no point did they mention that they placed any less emphasis on contractual governance.

Misalignment of expectations and partner contributions was a common concern. In certain instances, it is difficult to quantify partner contributions and in many instances participants spoke of the non-commitment of financial obligations as a particular frustration. The misalignment between partners was also evident in strategic approach and the cost structure of the alliance.

The categories of bounded reliability on opportunism as detailed by Kotlar and Sieger (2019) in have been matched with the cited examples in Table 19 below:

Table 19: Summary of Opportunism Findings

Bounded Reliability Category	Findings from Study
Opportunism as intentional deceit	o Legal ambiguity o Financial non-commitment o Intention to benefit from group business o Free-riding
Benevolent preference reversal	
Good faith reprioritisation	o Non-financial contribution (access to politicians, rights/permits, future uncertain profits)

Over-commitment	o Partner contributions or resources
Identity-based discordance	o Withdrawal of commitment to pursue other business interest or lack of focus in promoting alliance business

Chapter 7: Conclusion

7.1 Introduction

As introduced in Chapter 1, international strategic alliances are becoming increasingly popular vehicles for access to new markets and technologies (Balboni et al., 2018; He et al., 2020; Kohtamäki et al., 2018; Madhok et al., 2015), yet the failure rate amongst these governance mechanisms remains very high (Parameswar et al., 2021; Rajan et al., 2020). This study sought to understand the causes of international strategic alliance failure and how opportunism may have contributed to alliance failure. The context of the study was set in SSA and the following two research questions were posed:

Research Question 1: What has caused international strategic alliance failure as experienced by international business practitioners?

Research Question 2: How does opportunism (opportunistic behaviours from alliance partners) influence international strategic alliance failure as experienced by international business practitioners?

The aim of these two research questions was to document learnings around failure. This would be beneficial for new international strategic alliances and promote a better chance at alliance success. Competitive behaviour amongst alliance partners sees the creation of strategic alliances with the intention to reduce rivalry amongst alliance partners or minimise contractual hazards (Kogut, 1989), yet competitive behaviours can only be imperfectly redressed due to the inability to create fail-safe contractual protections (Hennart, 2010). It was an aim of this study to determine the extent to which these competitive behaviours could see firms acting opportunistically (Kotlar & Sieger, 2019; Mellewigt et al., 2019; Mikami et al., 2022; Verbeke et al., 2019) for the benefit of self-gain, to the detriment of their alliance partners.

7.1 Principal Conclusions

7.1.1 Research Question 1

Findings of this study on why international strategic alliances fail include poor partner fit (Kang & Zaheer, 2018), and organisational culture fit (Elia et al., 2019). Partner fit was predominantly related to partner size and financial expectations of the strategic alliances. Organisational cultural fit relates to the values and norms of partner organisations being misaligned. This is exacerbated by poor strategic alignment between alliance partners in terms of their intent of payoff from the alliance.

Strategic alliances also come into difficulty when partners do not honour their resource commitments, whether that be in the form of capital, political connections or relationships, licenses or permits, and access to technology. There was also mention of governance failures and that these structures that were put in place were not adapted to the host country. This in turn created operational, managerial and oversight difficulties.

The types of failure were largely combined with the causes of failure. These are mainly financial failures which leads to divestment or dissolution of alliances. The lengthy period required for due diligence also contributes to failure in that business plans become outdated and are no longer reflective of current market conditions at alliance go-live. The adverse market conditions and resulting effects of volatile currencies and difficulties to repatriate funds were also a major contributor to alliance failure as cited by the participants of this study.

7.1.2 Research Question 2

As described in Table 19, there are different forms of opportunism in terms of the bounded reliability micro-foundations of opportunism (Kotlar & Sieger, 2019; Mikami et al., 2022) that have been described by international business practitioners that they believe have influenced failure. The findings include an abuse of gains from group business structures that deal with the strategic alliance. The inability to honour financial commitments was another common theme with partners finding a multitude of excuses for this behaviour. In certain instances, partners also do not put in the necessary effort

to promote the alliance's business. This could be deemed as a form of 'free-riding' (Park & Ungson, 2001) where partners want to take the upside from the alliance but not necessarily promote the activities of the alliance.

An interesting finding includes the sense of imperialism from international partners who did not pay enough attention to the cultural nuances of the new jurisdictions they were operating in. This required a change in the modus operadi of these firms and not simply a 'lift and shift' of existing systems and procedures. Additionally, it requires an alignment of values and an appreciation of cultural difference and other ways of working.

7.2 Theoretical Contribution

This paper contributes to theory in that it provides theory on an understudied topic (alliance failure) in the literature (Gomes et al., 2016; Hohberger et al., 2020; Niesten & Jolink, 2015; Parameswar et al., 2021; Rajan et al., 2020) with a unique context being SSA (Amankwah-Amoah et al., 2018; Oguji & Owusu, 2021).

A conceptual model of the findings was created, as seen in Figure 6 below, which represents the ex-post facto of the essence of the experience (Creswell & Poth, 2016). This model was created as an extension of Park's and Ungson's (2001) model. The main governance function, the strategic alliance, is comprised of governance mechanisms that govern how the alliance functions. This is designed as an attempt to achieve the strategic intent of the partners. The partners must undertake due diligence to vet their partners and market conditions as an input into designing the governance mechanism. Inadequate due diligence is a failure in the pre-alliance phase. The due-diligence process should also flag any potential risks and this information should be used to draft the alliance contracts and determine how the alliance should operate. A finding from this study included the lengthy periods of time that due diligence takes, and this could be harmful to the business planning of the alliance as market dynamics shift with the lengthy period of time to conclude due diligence.
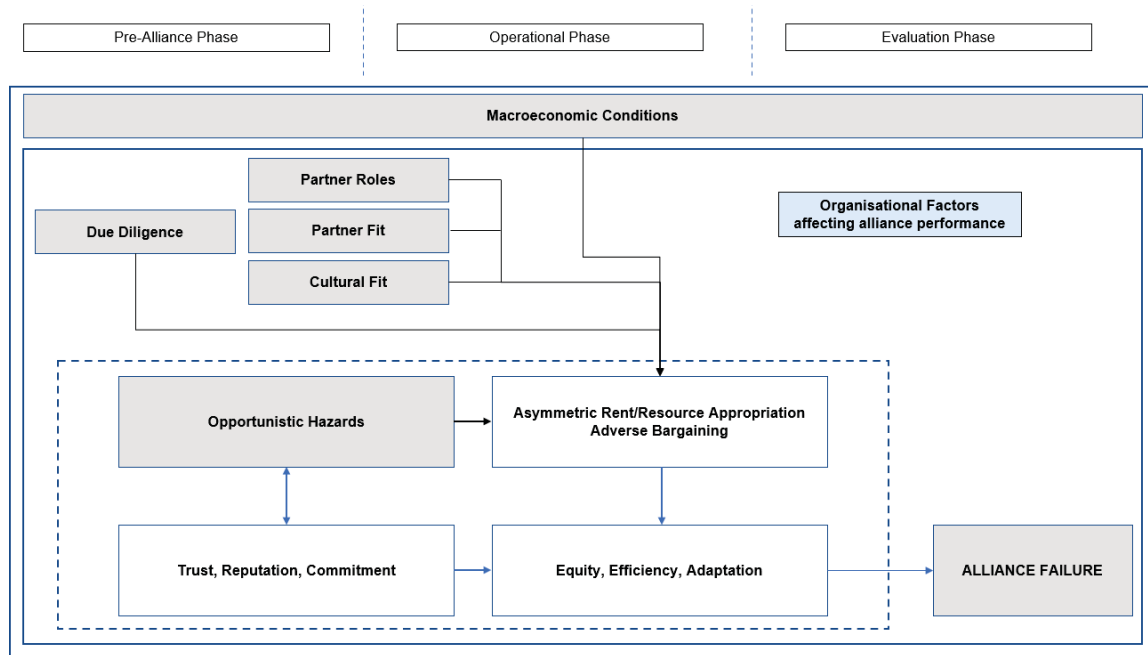
Figure 6: Conceptual Model of Alliance Failure

The governance mechanism of the alliance comprises cultural and partner fit. If there is inadequate cultural and partner fit, the alliance may be at risk of failure. Additionally, if the partners do not honour their commitments to the alliance, it might also be at risk of failure. These failures relate to the operational phase of the alliance.

From the external side, the governance mechanism is impacted by macroeconomic conditions. This is largely out of the alliance's control, but risk mitigation measures can be put in place to lessen the impact. Adverse macroeconomic impacts include downturns in the economic cycle, foreign exchange availability and currency devaluation. These factors are important as multinational partners would want to repatriate their profits to their parent organisations.

If there are opportunistic behaviours on behalf of the partners, the alliance governance mechanism may also be susceptible. If these behaviours break governance mechanisms and there is a breakdown of trust, the alliance is most likely to experience failure. The opportunistic hazards are summarised visually in Figure 7 below:
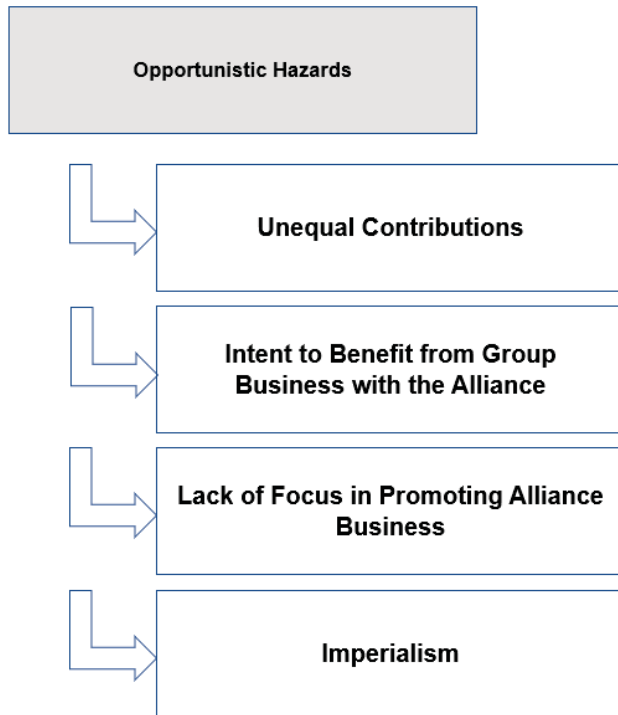
Figure 7: Opportunism Findings

7.3 Implications for Management and Other Relevant Stakeholders

Although a popular mechanism for new market entry and access to resources and technology, the failure rate of strategic alliances remain high. This has adverse implications for business and managers alike. Considerations for management and other relevant stakeholders are detailed below.

Strategic alliances are complex governance mechanisms that involve the coordination of different partners' interests and resources. It is recommended that international business practitioners engage in a thorough due diligence process before getting into an alliance. As stated, this needs to be a thorough exercise but not an extremely lengthy exercise. If due diligence does take a lengthy amount of time, it is important that business case financials be refreshed to ensure sufficient alignment between parties in terms of financial expectations before alliance go-live.

It is important that the governance mechanism considers aspects of partner and organisational cultural fit. Alliance partners should also have contingency plans for

adverse macroeconomic effects as these risks are unavoidable. The governance mechanism needs to clearly spell out roles and responsibilities of the partners. The resource commitments of the partners need to be clearly defined upfront.

It is recommended that thorough alliance documentation also be adopted as a best practice for governing the arrangement. The building of trust between partners is important in that it provides the opportunity of lowering transaction costs by relying on relational governance instead of costly contractual governance.

7.4 Limitations of the Research

This study has limitations in that it only looks at failure at a point in time (after failure has been deemed to occur) and not at how causes of failure could develop over time or through the lifetime of an alliance, which would make use of a longitudinal timeframe. This was not possible given the timeframe available and the difficulty in predicting whether an alliance will fail.

The sample interviewed was predominantly made up of individuals who work in the heavy-industrial sector across SSA. This is due to the researcher using his own professional network to gain access to participants. However, the researcher made a concerted effort to ensure a sample that represents multiple strategic alliances and representation across the alliance lifecycle. The largest bias in the interview sample was that nearly all were speaking from the perspective of being the international partner. Only a few participants were speaking from the view of the local partner. Therefore, it is noted that no generalisations can be drawn from the sample to the population (Creswell & Poth, 2016).

A threat to the reliability of research findings and conclusions includes various biases, including subject error, subject bias, observer bias and observer error (Saunders & Lewis, 2018). To reduce these biases, various quality control measures were utilised as detailed in Section 4.2.7. This includes a write-up of the researcher's own experience of the phenomenon. Another specific limitation with regards to a phenomenology study relates to the jargon specific to a phenomenological research strategy for which there is no precise methodology (Sanders, 1982).

There are many theoretical views of alliance failure (Parameswar et al., 2021; Rajan et al., 2020) but this study adopted a frame of TCE to analyse the causes of failure. It must be noted that the researcher did face challenges in soliciting views or descriptive examples on failure and opportunism from the interview participants. Many participants chose to speak very generally of such experienced behaviours. The researcher probed to extract as much detail as the participants were willing to share. Similar challenges were experienced with regards to experiences of opportunism (Kano & Verbeke, 2015; Mikami et al., 2022; Verbeke & Ciravegna, 2018), where the researcher probed as much as was reasonable to obtain views on the subject.

7.5 Suggestions for Future Research

To improve the transferability of the findings of this study (Anney, 2014), literature on strategic alliances and strategic alliance failure would benefit from studies similar to this one, to increase the sample of experiences and phenomena studied. Together with increasing the sample of experiences, a diversity of views needs to be sought across different geographies and different industries. This requirement is due to the different types of alliances being employed across the different industries. This will add more additions, extensions or contradictions to the literature.

Another interesting aspect for further study would be to investigate the causes of alliance failure and map that to the alliance lifecycle. This was an unexpected finding where participants spoke to failures at a certain point in the alliance lifecycle. Most notably was due diligence which belongs to the pre-contract phase (Gomes et al., 2016) of the alliance. Participants spoke about how lengthy due-diligence time periods actually see business plans becoming outdated and no longer relevant. This study was cross-sectional (Saunders & Lewis, 2018) in nature in that it studied failure, at a point in time, after deemed failure had occurred. This was due to time constraints and the difficulty in determining at what point failure actually occurs. An interesting observational study would be to perform a longitudinal study (Saunders & Lewis, 2018) to analyse the complete alliance lifecycle to understand the origins of certain types of failure.

There were two elements that were found in this study that were not expected. Firstly, the aspect of imperialism and how that impacts on the cultural alignment between participating firms was an interesting finding that could be considered for future study. Another element was the notion of the learning race (Hamel, 1991; He et al., 2021; Hu et al., 2021). With the introduction of a broader sample, possibly including more of a manufacturing focus, it would be interesting if such observations were made.

The ultimate goal of strategic alliance research is to produce theory that can be empirically tested. The challenge as noted by Gomes et al. (2016), Niesten and Jolink, (2015), Parameswar et al. (2021), and Rajan et al. (2020) is the varying theoretical lenses with which the subject is viewed. This has produced many different interpretations of what constitutes alliance failure. Ultimately, literature is seeking to produce theoretical models that can be empirically tested to move from exploring to explaining the phenomenon and limiting the prevalence of strategic alliance failure.

Annexure 1 – Consistency Matrix

Research Question	Literature Review	Data Collection Tool	Analysis
Research Question 1 *What has caused international strategic alliances failure as experienced by international business practitioners?*	Park & Ungson (2001); Parameswar et al. (2021); Rajan et al. (2020); Asgari et al. (2018); Arslan (2018); Gomes et al. (2016); Niesten & Jolink (2015); McCutchen et al. (2008)	Question 1-3 of interview guide	Phenomenological analysis on open ended questions to determine essence of research question
Research Question 2 *How does opportunism (opportunistic behaviours from alliance partners) influence international strategic alliance failure as experienced by international business practitioners?*	Park & Ungson (2001); Cuypers et al. (2021); Williamson (1979); Kano & Verbeke (2015); Kotlar & Sieger (2019); Rugman & Verbeke (2005); Mikami et al. (2022); Verbeke et al. (2019); Mellewigt et al. (2019)	Question 4 of interview guide	Phenomenological analysis on open ended questions to determine essence of research question

Annexure 2 – Interview Guide

Title of Research

International strategic alliance failures in Sub-Saharan Africa (SSA): Lived experiences of international business practitioners

Aim

Looking into strategic alliance or JV failures in SSA as informed by your personal experience.

Failure is relative to the alliance context and does not necessarily mean dissolution of the alliance.

This study is in the field of international business and strategic alliances. The aim of this research is to gain an understanding into the phenomenon of strategic alliance failure/instability as informed by the experiences of international business practitioners involved in international strategic alliances failures in SSA. Failure is relative to the alliance context and does not necessarily mean dissolution of the alliance.

Significance

The significance of this study is to add to the body of knowledge on the relatively understudied topic of international strategic alliance failure with specific context to SSA.

The interview will be conducted using this interview guide with the following semi-structured questions posed to the interviewees

Introduction
Interviewee information: ● Background and involvement in strategic alliance(s)   ● Role in the alliance(s)
Interview Questions
Question 1   What is the type of strategic alliance failure experienced?
Question 2   How did you experience the strategic alliance failure?
Question 3   Why in your experience did this failure occur?
Question 4   In your experience, what are the behaviours of the partners that influenced failure?   Probes: In your experience, was there any form of opportunistic behaviour experienced which influenced the failure of the alliance?   ● How did the alliance partner try to again advantage over the other party?   ● Were there performance inefficiencies in the case of the other alliance partner?   ● Was there a drive for the transfer of resources amongst the partners?   ● How was the trust between alliance partners? How did it influence the transaction costs?   ● What sort of governance mechanisms did you put in place to mitigate opportunism / opportunistic behaviour?

Annexure 3 – Code List Summary

Categorised Codes

Theme	Code Count	Total Groundedness
Governance	18	55
Misalignment of expectations	11	78
Partner fit	5	16
Cultural fit	4	15
Macroeconomic conditions	12	30
Partner contributions/roles	11	27
Opportunism		
Group business	6	11
Unequal contribution	14	32
Imperialism	4	12
Lack of focus	4	12
TOTALS	**89**	**288**

Uncategorised Codes

Theme	Code Count	Total Groundedness
Opportunism (other)	12	15
Success factors	27	37
Types of failure	14	21
TOTALS	**53**	**73**

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