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The antecedents to performance of an international joint venture in an indigenised legislative environment

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Abstract

Multinational Enterprises (MNE's) are in a race to tap into the potential growth markets of developing countries. International joint ventures (IJV's) are popular strategic alliances which organisations engage in as a means to explore local trade and gain market penetration. IJV's provide benefits to both the parent companies and the host country governments. The IJV relationships are complex and the functioning of the new legal entity is exposed to many forces from within and externally in a way that differs from conventional businesses. Although the antecedents to performance of IJV's have been studied extensively, there is a need for a deeper understanding of IJV's in Emerging markets.

This case study research investigates a single IJV in South Africa that came in existence due to indigenisation requirements and is based on a 50/50 shareholding. Data was collected through semi-structured interviews with 12 executives that had been involved in all the life stages of the IJV, with an equal representation from both sides. This data was correlated with company documents for validation.

The case study findings firmly identified the relevancy of behavioural antecedents to performance as described in recent literature and provided some insight into the uniqueness of the environment, including the factors impacting behavioural antecedents to performance and how the behavioural constructs are influenced over the life stages of the IJV, in an indigenised environment.

Keywords: International Joint Ventures, Indigenisation, Performance, Antecedents to Performance

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.

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Date: 8 November 2015

Signature: _____

Contents

Chapter 1: Introduction to Research Problem	1
1.1 Introduction	1
1.1.1 Academic Relevance	3
1.2 Scope and Context of the Research.....	4
1.3 Dissertation Structure	5
Chapter 2: Literature Review.....	6
2.1 Structure of the Literature Review.....	6
2.2 Joint Ventures and International Joint Ventures.....	6
2.2.1 Motivations for the Creation of IJV's.....	9
2.2.2 Choice between Joint Ventures and Mergers and Acquisitions	12
2.3 Performance of IJV's	13
2.3.1 Performance Measures.....	13
2.3.2 Indigenisation Objectives	14
2.4 Antecedents to Performance	15
2.5 Framework for Factors Impacting IJV Performance	15
2.5.1 Background Category	17
2.5.2 Antecedent Category	17
2.5.3 External Category	18
2.5.4 Behavioural Antecedents	21
2.5.5 Dissimilarity Antecedents	26
2.5.6 Experience Antecedents	28
2.5.7 Control Antecedents.....	30
2.5.8 Catalysts between Antecedents	31
2.6 IJV's in a Indigenisation Legislation Environment.....	33
2.7 Conclusion	34
Chapter 3: Research Questions	35
3.1 Introduction to the Research Question Formulation	35
3.2 Research Questions	35
3.2.1 Research Question 1	35
3.2.2 Research Question 2	35
3.2.3 Research Question 3	36
Chapter 4: Research Methodology	37
4.1 Introduction	37
4.2 Research Design.....	37
4.2.1 Research Philosophy	37
4.2.2 Type of Study.....	37
4.3 Research Scope.....	39
4.3.1 Universe of Population	39
4.3.2 Unit of Analysis	39

4.3.3	Time Dimension	40
4.4	Data Collection	42
4.4.2	Data Analysis	46
4.4.3	Limitations.....	47
Chapter 5:	Findings and Results.....	48
5.1	Demographics of Respondents	48
5.2	Data Findings and Research Question Alignment.....	50
5.2.1	Respondent Identification Convention	50
5.3	Setting the Scene – Jointco’s Performance	50
5.4	Emerging Results through Robsons’ Framework Lens	52
5.4.1	Results.....	53
5.4.2	Overall Graph Results.....	55
5.4.3	Behavioural	56
5.4.4	Time Dimension Changes in Behavioural Constructs	70
Chapter 6:	Discussion of Findings and Results	82
6.1	Introduction	82
6.2	Research Questions	82
6.2.1	Findings for Research Question 1	82
6.2.2	Findings for Research Question 2	87
6.2.3	Findings for Research Question 3.....	90
6.3	Conclusion	94
Chapter 7:	Summary	96
7.1	Introduction.....	96
7.2	Principle Findings.....	96
7.2.1	Summary of Finding for Research Question 1	96
7.2.2	Summary of Finding for Research Question 2.....	96
7.2.3	Summary of Finding for Research Question 3.....	96
7.3	Implications for Management	97
7.3.1	Foreign Parent Companies	97
7.3.2	Host County Parents	98
7.3.3	Government	98
7.4	Limitations of the Research	98
7.5	Suggestions for Future Research	99
APPENDIX A:	Interview Guide	107
APPENDIX B:	Consent Form.....	110
APPENDIX C:	Code book	113
APPENDIX D:	Interview responses per Robson’s categories	120
APPENDIX E:	Turnitin originality report.....	121
APPENDIX F:	Ethics committee approval letter	122

Table of Tables

Table 2.1: Illustration of the Correlation between Robson et al.'s (2002) Elements and the Constructs Identified by Christoffersen (2013) ²¹	
Table 4.1: The Four Life Stages of the IJV	41
Table 4.2: Summary of Interview Schedule in Relation to Research Questions	43
Table 4.3 List of Documentation Acquired for Reference	45
Table 4.4 List of Respondents	45
Table 5.1 Respondent Information – Position and Experience	49
Table 5.2 Data Results Presentation and Research Question Alignment	50
Table 5.3 Five Point Likert Scale to Rate Performance Success of the IJV	51
Table 5.4 IJV Success Rating by Interview Respondents	51
Table 5.5 Behavioural Element-Number of Quotes per Parent per Construct	56
Table 5.6 Confirmation of Links in Christoffersen's Framework	69
Table 5.7 Life Stage One Key Parameters	71
Table 5.8 Life Stage Two Key Parameters	73
Table 5.9: Life Stage Three Key Parameters	75
Table 5.10: Life Stage Four Key Parameters	78
Table 6.1: Change in Behavioural Constructs Over Life Stages	94

Table of Figures

Figure 1-1: Private equity in Sub-Saharan Africa.....	2
Figure 2-1: Types of Strategic Alliances	8
Figure 2-2 Organising Framework of Factors influencing IJV Performance	16
Figure 2-3: Antecedents of International Strategic Alliance Performance	20
Figure 5-1 Robson Framework Elements Representation per Parent.....	54
Figure 6-1 The Support Structure for an IJV in an Indigenisation Environment.....	88

Chapter 1: Introduction to Research Problem

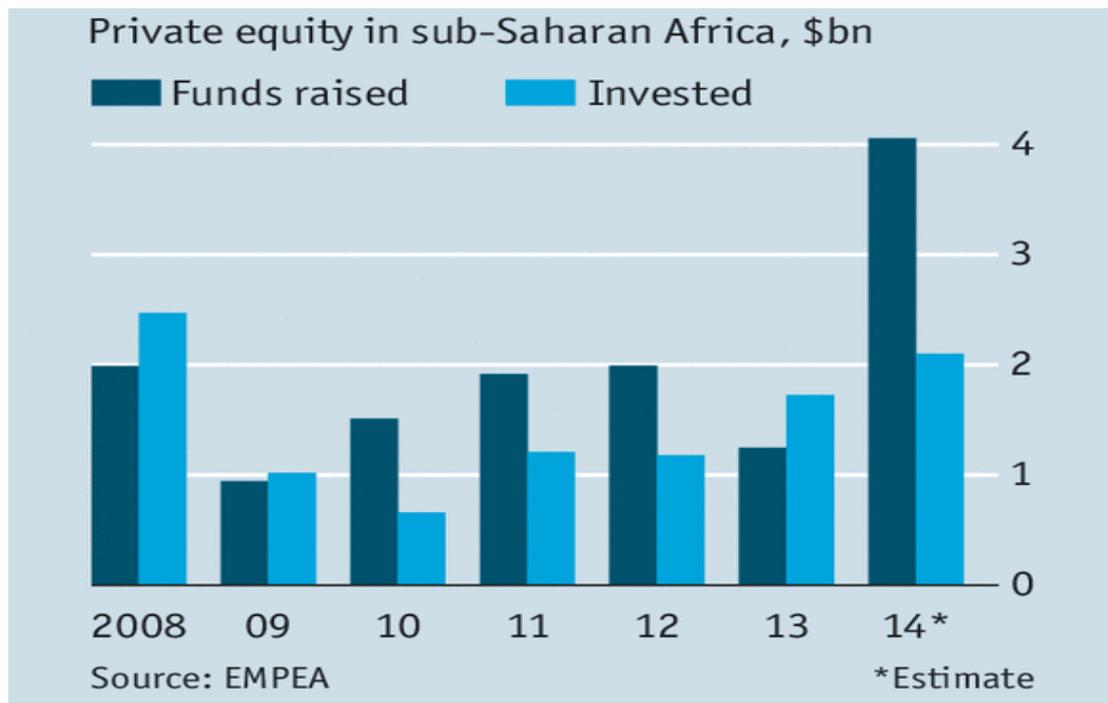
1.1 Introduction

International joint ventures (IJV's) have become a prominent way of doing business for Multinational Enterprises (MNE's). For some companies it has become the only way to grow. According to KPMG (2012) approximately 35% of global revenues come from either partnerships, alliances or joint ventures (JV). With the current slowdown, specifically in the Chinese economy, the role that JV's play has been emphasised further. According to PwC (2015), nine in ten Chinese CEO's are considering JV's or alliances within the next 12 months. This number is up 18% on the previous survey (PwC, 2015). The Financial Times (Yuk, 2012) confirmed that the western world also turned to the creation of JV's to give them easier access to non-organic growth potential in emerging markets. This was especially emphasised after the 2008 financial crisis when capital became difficult to acquire and MNE's had to look for more cost effective ways to enter emerging markets, which are harder to penetrate (Yuk, 2012).

Sub Saharan Africa has become the hunting ground for foreign investment and needs high amounts of capital to invest in growth. The culture of Sub Saharan entrepreneurial businesses has changed substantially from being resistant to acquiring foreign capital, to embracing it. Since the 2008 financial crisis investment into the region has boomed. Figure 1-1 illustrates the funds raised from foreign investors since 2008. What arises from this phenomena is that anybody that wants to invest in these emerging economies will have to acquire a good knowledge base of the dynamics in the countries (The Economist, 2015).

It is general practice for the governments of host emerging countries to enforce JV's between MNE's and local entities in order to ensure the capturing of a share of surpluses generated by MNE's (Karabay, 2010). Information about JV's that originate within these emerging markets, is not well covered in research literature. This case study will investigate the role of antecedents to performance in such a case.

Figure 1-1: Private equity in Sub-Saharan Africa



SOURCE: (The Economist, 2015)

Legislation, like the South African Mining Charter, are typically aimed at ensuring ownership of historically disadvantaged South Africans (Department of Mineral Resources Republic of South Africa, 2010). MNE's have to contend with the fact that these legislations aim to prevent opportunistic behaviour that is associated with the historic phenomena of colonialism. In some cases the creation of JVs ensures local ownership compliance as per regulatory requirements (Karabay, 2010). In others it can be motivated by an agenda to get political connectedness by creating alliances with state-owned enterprises, or individuals, who are perceived to have influence with the host country government (Sun, Mellahi, & Thun, 2010).

Killin (2012) mentioned what he identified as a paradox in IJV's. It is explained by the fact that although managers in general dislike JV's, there is consensus that they are getting more and more exposed to it. IJV's are highly dynamic entities with unique challenges, due to the complexities that arise from the partners having different processes to deal with all aspects of doing business, including anything from operational practices, capital approval policies and delegations of authority, to marketing and staffing policies (Killin, 2012). These unique challenges posed by JV's create a demand for a better understanding of how to successfully engage in them. Peter Drucker, in 1993 indicated in an interview with Harris (1993), the way business growth has changed. The

traditional growth that was based on organic growth or acquisitions gave managers the control of the process. The new type of growth is through alliances. He called it: “all kinds of dangerous liaisons and joint ventures, which, by the way, very few people understand” (Harris, 1993).

A case study is therefore relevant to parties who are looking at these opportunities. Most research on the topic addresses developed countries but there remains a gap in research conducted for emerging countries like Brazil, Russia, India and South Africa (BRICS)(Gomes, Barnes, & Mahmood, 2014). From an emerging country perspective, Levin and Barnard (2013) conducted empirical research on the connection of knowledge between more- and less-developed countries. They mention the importance of this connection to technologically and economically advanced countries, and recognise the role that IJV's could play in in these connections, to advanced knowledge either by an activity of the MNE or by the flow of expatriates within the parent companies (Levin & Barnard, 2013).

1.1.1 Academic Relevance

The large number of strategic alliances have led to great interest in research on the aspects that can lead to satisfactory performance of these entities (Rahman & Korn, 2012). Researchers found that many IJV's do not perform satisfactorily and experience serious problems with regards to management. Research shows that about 40% of IJV's are not successful or are outright failures (Deitz, Tokman, Richey, & Morgan, 2010; Robson, Katsikaes, & Leonidou, 2002). Despite the large amount of research on factors influencing performance there are still large amounts of conflicting results, and a reason for this is that they examine different factors in so many different ways (Nippa, Beechler, & Klossek, 2007). Various other researchers agree on the contradicting results of current research on the topic (Ren, Gray, & Kim, 2009; T. Reus & Rottig, 2009). Ultimately the researcher's aim to predict the success of IJV's, by considering variables, are hampered by these contradicting results (Ren et al., 2009).

While Ren, Grey and Kim (2009) argue that the large variance in variables studied, and the insufficient use of the same measurement practices, would not allow meta- analysis to be effective, both Reus and Rottig (2009) and Christoffersen (2013) have pursued this avenue in an effort to provide structural guidance for future research. Christoffersen conducted a meta-analysis from 165 selected empirical research articles and developed a framework for the analysis of antecedents of performance of international strategic alliances. The review from Christoffersen is the most comprehensive, considering the

amount of articles covered and is also the most recent work of that nature on the topic (Gomes et al., 2014) .

Gomes, Barnes and Mahmood in their very recent review of literature from leading International Journals, covering 22 years of research on strategic alliances, have identified that studies on performance variables have become very systematic. They found that mostly cross-sectional surveys were used. They also identified a need for longitudinal designs and case studies to assist in gaining deeper knowledge (Gomes et al., 2014).

Most research has been done in North America and Asia and there is a specific need for work to be done in the BRICS economies of Russia, India, and South Africa (Gomes et al., 2014). The need for further research in emerging counties is further emphasised by the growth trend of IJV s, as pointed out by the PWC report (Pwc, 2015)

1.2 Scope and Context of the Research

Sim and Ali (2000) use stability as a primary measure of success for an IJV. They compared the stability factors of IJV's in developed countries with those in developing countries. No major differences were found in the stability of the two cases, but they identified that the contributing factors are different and recommended further research to understand the determinants of stability. (Sim & Ali, 2000). Emerging countries challenge some of the concepts of theory due to lesser efficiencies and higher instability. Emerging economies have higher government involvement and business networking. These attributes contribute to the need for a better understanding of how businesses should adapt strategies to achieve success under these challenges (Xu & Meyer, 2012).

The research aims is to evaluate how current research theory on antecedents to performance for IJV's relate to emerging economies. It considers JVs that are established due to legislative requirements. The research was done by means of a single case study of one IJV. The chosen JV is a mutually horizontal JV as defined by Kogut (1988), where both parties employ the same assets and are supplied from it. (Kogut, 1988). The case study JV is engaged in the mining industry of South Africa which makes it very relevant to the issue of indigenisation or empowerment legislation because these legislations are traditionally aimed at the protection of exploitation of the host country's natural resources (Karabay, 2010).

1.3 Dissertation Structure

The remainder of the document will be made up by chapter 2 through to chapter 7. Chapter 2 presents a review of the relevant literature that will set the scene for the rest of the document. The literature in Chapter 2 is used as a reference point for each of the other chapters. The research questions and propositions are outlined in chapter 3. Chapter 4 discusses the research design and methodology that was used and describes the justification for this methodology being appropriate to answer the research questions. Chapter 5 presents the findings and results pertaining to the research questions presented in chapter 3. Chapter 6 provides a further, in depth analysis of the results from chapter 5 and addresses the research questions in sequence. Chapter 7 will summarises the main conclusions of the study and outlines the contributions to literature, the implications it has in the business environment and the role players therein. Chapter 7 also states the limitations of this study and provides recommendations for possible future research. Appendices at the end provide additional information that has been used during the research process.

Chapter 2: Literature Review

2.1 Structure of the Literature Review

The literature review will systematically cover the main theoretical topics that form the basis of the research. These will centre on the framework of antecedents of performance. The literature forms the basis of motivating the research questions and provides a basis for the development of a codebook for the qualitative analysis of data that was gathered from interview respondents.

2.2 Joint Ventures and International Joint Ventures

JV's have been extensively studied in literature for many years (Culpan, 2008). JV's are considered as a type of a strategic alliance (Christoffersen, 2013; Culpan, 2009; Das & Teng, 2000; Gulati, 1998; Robson et al., 2002), but various definitions have been developed over time with some relatively large differences in meaning (Culpan, 2009).

Kogut (1988), in his broad definition of JV's, considers the key characteristics of a JV as shared resources that are put into a common legal entity. He describes JV's much more exclusively than Hennart (1988) and differentiates them from other forms of "transacting", as well as excluding acquisitions, licencing agreements and supply contracts.

Geringer (1988 as cited by Geringer & Hebert, 1991) defines JV's as involving two or more legally distinct organisations (the parents), each of which share in the decision-making activities of the jointly owned entity. However, Robson et al. (2002) includes the aspects of joint risk taking and deliberate participation due to a need for skills, resources, or strategies of the other member.

Inkpen and Beamish (1997) also define JV's as alliances that combine resources from more than one organisation to create a new organisational entity, the 'child', which is distinct from its parents. This approach differs from Hennarts' in that it describes the creation of an individual legal entity. Inkpen and Beamish (1997) also emphasise the hierarchical characteristics of the new entity as being similar to that of traditional organisations. These entities would typically have their own CEO, headquarters, boards and staff (Inkpen & Beamish, 1997).

Hennart (1988) argues from a transactional cost point of view. He states that JV's are categorised between equity a non-equity entities. Non-equity JV's include various types

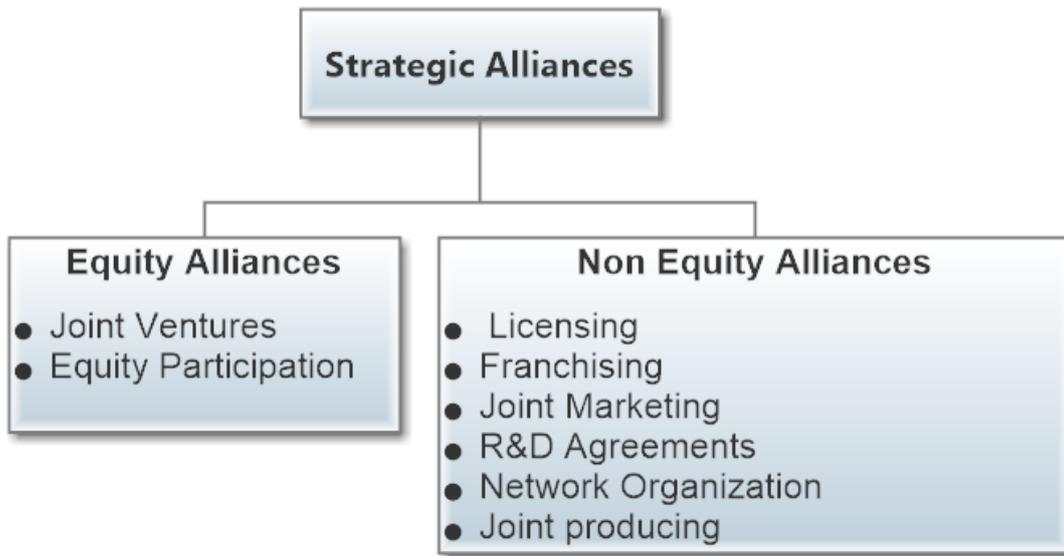
of contractual agreements such as distribution and supply agreements, or technical assistance and management contracts, whereas equity JV's are entities where two companies bring assets to an independent entity and receive payment from the profits of such an entity, or where one company buys into another company for a similar benefit.

Hennart (1998) also differentiates between two types of equity JV, 'scale' and 'link'. Scale type entities are characterised by parents that join forces resulting in forward, backward or vertical integration, horizontal expansion, or diversification, with the implication that the transaction is directionally similar for all parties. Drilling consortia used by oil companies and iron ore JV's established by steel companies, are mentioned as examples. Link entities occur where equity transactions are not symmetrical and might mean vertical integration for one partner and divestment for the other partner. Alliances are formed for different reasons by the parents (Hennart, 1988). Culpan (2009) disagree with Hennart's definitions that treat JV's as non-equity alliances, and they are generally defined by the fact that they are a form of equity alliance.

Culpan (2009) also differentiates between equity and non-equity strategic alliances (figure 2-1 illustrates the various strategic alliances identified by Culpan). Non-equity alliances involve inter-firm collaborations that exclude the investment of equity by any partner and include arrangements like licensing, franchising, networks, research and development (R&D) partnerships, joint production, and joint marketing. Non-equity alliances represent a diverse group but present two distinct common characteristics: none involve equity investments but all require tangible or intangible resource *commitments* for mutual benefits from the partnership (Culpan, 2008).

Equity alliances are categorised by Culpan (2008) as either equity participation or joint ventures. Equity participation is when one company buys a sizable share in another company and an organic tie is established. These collaborations are not researched to the same level as JV's and are mostly studied in financial literature and referred to as "block ownership". Joint ventures on the other hand, occur when equity is committed from different parties and a new business entity is created. "Joint ventures refer to at least two companies building a new business entity by allocating some equity into this new venture" (Culpan, 2008, p.99).

Figure 2-1: Types of Strategic Alliances



SOURCE: Culpan (2008, p.99)

Culpan (2009), in a discussion on the confusion that exists concerning the epistemology and taxonomy of strategic alliances, provides an analytical explanation. He refers to strategic alliances as the overarching term that applies to JV's, collaborative ventures, interfirm partnerships and networks. Gulati (1998) defines strategic alliances as voluntary arrangements between firms involving exchange, sharing, or co-development of products, technologies, or services. They occur as a result of divergent motives or objectives, take a variety of forms, and include both vertical and horizontal collaborations. Culpan (2009) adds to this and indicates that the key characteristics of strategic alliances are long term *commitments* by partners to create strategic benefits, and thereby exclude market transactions.

JV's are considered to be an international joint venture (IJV) when at least one parent is headquartered outside the venture's country of operation, if the JV has a significant level of operations in more than one country (Geringer & Hebert, 1991b; Robson et al., 2002), or when it is owned by two or more partners of different nationalities (Beamish & Inkpen, 1995; Robson et al., 2002). Christoffersen (2013, p.69) also applies this principle to strategic alliances and defines international strategic alliances as "collaborations involving the long-term *commitment* of resources to relationships that serve the strategic goals of two or more partners based in different countries, or whose collaborative operations take place in a different country than their headquarters".

For the purpose of this document IJV's are considered based on the following criteria. Firstly, a new business entity that was created by at least two companies that allocated some equity (Culpan, 2008), and secondly, at least one partner must have its headquarters outside the host country (Geringer & Hebert, 1991b; Robson et al., 2002).

The case study that was considered in the research is an IJV that came into existence between two mining companies, one being a local company making its earnings primarily from one commodity and the other a large multi-commodity company with their headquarters overseas. The IJV consists of a 50/50 shareholding and is managed by a management team that was seconded from the parent company and reports to a board of directors that have a 50% membership from each parent.

2.2.1 Motivations for the Creation of IJV's

To operate as a sole entity and in a competitive manner, JVs have traditionally been the way companies operate. Gaining a competitive advantage through innovating products and services has been part of the process. Competition in the market forces companies to deploy strategies of self-reliance to gain competitive superiority through internationalisation, mergers, acquisitions, differentiation and cost leadership (Culpan, 2009).

These strategies have not proven to be the end state due to continuously changing global market conditions, consumer demands and lack of resource capabilities which have forced firms into unconventional, but also into new, alternatives. Due to the rate of technology advancement, acceleration and globalisation, strategic alliances have become important means to ensure stability, growth and long term viability (Beamish & Delios, 1997 as cited by Tiessen & Linton, 2009). JV's have some benefits over mergers and acquisitions because they provide a means to access only the required knowledge and resources (Shyam Kumar, 2011). Since the 1980's, the practise of strategic alliances with complimentary firms, suppliers, marketing entities and even rivals in the industry have gained popularity (Culpan, 2009).

Hennart (1998) considers the motivation for the existence of IJV's through a transactional cost theory approach. His view is that the primary motivation for the formation of IJV's is the combining of complimentary resources to create value in the quest to be represented in all the major markets globally (Hennart, 1988). Further to this, the high expense of acquiring the required knowledge and resources to serve an unknown market through an unfamiliar supply chain, poses a great challenge. If

synergies with host country entities can be found, these transactional costs can be limited, although it might come at the price of sharing control.

The application of the transactional cost theory as the only motivator for JV's might be an oversimplification and Kogut (1988) on the other hand, views the motivational reasons through the lens of transactional cost economics. He identifies three motivational reasons for the establishment of joint ventures, namely: cost control, establishment of a competitive advantage by securing access to knowledge or other resources, and other strategic reasons (Kogut, 1988). Although a transactional cost economics perspective is clear, one can also look from a resourced based view, considering the fact that the two partners would be motivated by acquiring different scarce resources through the IJV. The MNE partner typically looks at acquiring local market knowledge and connectedness while the local partner aims to access technology and skills that can enhance productivity (Reus & Ritchie III, 2004).

Another theoretical paradigm that has been applied as an approach towards the motivational reasons for JV's is the political economy theory. The argument of the paradigm is that the motivation for a company to create a joint venture is the gain of bargaining power through the acquisition of superior resources and capabilities (Mjoen & Tallman, 1997). Mjoen and Tallman (1997) argue that firms who gain access to strategic or irreplaceable resources will be in a position of control. The danger with the political economy theory as pointed out by Yan and Grey (2001), is that bargaining power is also dependant on a variety of other factors including, strategy, urgency, *commitment* and the strengths and weaknesses of the parties (Yan & Gray, 2001).

Knowledge based theory in the strategic alliance environment has also received prominent attention (Gomes et al., 2014). As knowledge emerges as a central resource critical to the development of capabilities, products and services alliances are being increasingly recognised as an organisational form to acquire and internalise the knowledge needed in the quest for competitive advantage. The acquisition of knowledge is regarded as a key motivator for engagement into IJV's (Bleeke & Ernst, 1991). Grant, Baden and Fuller (2004) made some further findings by application of knowledge based theory. They found that the real value in knowledge transfer lies in the access to information rather than the acquisition thereof. They argue that the traditional view of considering only aspiration to acquiring knowledge from a partner as motivational value for engagement, do not exploit the theory sufficiently. By accessing, instead of acquiring the knowledge, the JV provides an advantage in comparison to the market and a

traditional company (Grant & Baden-Fuller, 2004). This principle links closely to the transactional cost theory. They also point out that the first value that is added by accessing of knowledge, is that actual efficiency of the process to access the knowledge, is applied in the production process. JV's for instance have benefits over mergers and acquisitions because they allow a means to access only the required knowledge and resources (Shyam Kumar, 2011).

A different reason for the creation of JV's originates from legislation. Emerging countries have put legislation in place to ensure that the host country gains benefits from the business activities of MNE's and to prevent monopolies (Karabay, Pulverer, & Weinmüller, 2009). Due to the complexity of other arrangement, the default position MNE's would want to operate in is with 100% ownership. However, the motivation for the formation IJV's is quite different because the reality is, that in some instances, regulation leaves no other option than shared ownership alternatives (Child & Rodrigues, 2011). One can therefore add legislative requirements as another reason for the creation of IJV's, although the other motivational factors might still be valid.

Joint ventures that form without the existence of any synergies to benefit the MNE, other than a licence to operate, are exposed to the tensions between host county governments and alliances that go hand in hand with what is defined and studied as the phenomenon of spill overs. These tensions are the function of the conflicting objectives between the MNE and the host partner. The MNE would typically want to maximise profits for shareholders whilst the local firm would focus on maximising their benefit. The host governments also play a key role in the creation of these tensions in their quests to capture their share of taxes (Xu & Meyer, 2012).

Child and Rodrigues (2011) look at how companies interact with external complexities from a political action perspective, They mention that there is a need for large MNE's entering new markets, to learn about the channels and protocols for exercising political influence, local operational conditions and potential marketing strategies of their products. Although these are all typical reasons for the establishment of JV's, Child and Rodrigues (2011) argue that large MNE's would prefer a 100% ownership to allow them to apply their own procedures to strategic decision making and to pursue an integrated global strategy. Partners and external parties are perceived as construing complications in the pursuit of this goal and they will therefore want to limit engagement with external parties, ensuring the JV is not a first choice of business model (Child & Rodrigues, 2011).

Despite the challenges and the uncertainties that go with the establishment of IJV's, they are more part of the economy than before (Johansson & Leigh, 2011; Pwc, 2015).

2.2.2 Choice between Joint Ventures and Mergers and Acquisitions

A company with a competitive advantage entering another market where it needs a second input from the host country needs to consider the various business model options. It needs to choose between wholly-owned subsidiaries, JV's or other options when entering new host countries (Hennart & Reddy, 1997). MNE's run the risk of diluting their competitive advantage by transferring tacit knowledge and also become victims of opportunistic partners. Depending on the transactional cost of the two inputs, the company can decide between three options: Firstly, if the transactional cost of the input from the host country is high, the option is a JV; secondly, if the cost of the required host country input is low, the company can acquire it and bring it on board as a wholly-owned subsidiary; and thirdly, if both the inputs are available at a low cost, the company can acquire it in the market without any foreign direct capital investment (Hennart, 1988).

Chang, Chung, & Moon, (2013) evaluated the performance results of JV's and wholly-owned subsidiaries in industries with high intangible assets, such as technology or brands, and confirmed the application of the transactional cost theory applied by Hennart (1988). They found that multinationals that have established wholly-owned subsidiaries, outperformed JV's. The limitation of their study is that they did not discriminate between low and high host country input transactional costs.

Other reasons why joint ventures might get preference above acquisitions were identified by Hennart (1997). The first was that the desired assets cannot be disentangled for separate acquisition by the buyer. The JV would then get preference that would only include the asset from the second partner. The second reason is when the liability of the local labour content is too high. A JV can be set up in a way that the second partner keeps the responsibility of their own labour. Thirdly, if the valuation of the asset is difficult to determine, the formation of a JV can eliminate the cost of information (Balakrishnan & Koza, 1993; Hennart & Reddy, 1997). The fourth reason is governmental or legislative restrictions. These can be in the form of crossholding and voting rights, restrictions on bank and family control (Hennart & Reddy, 1997; Kester, 1993). Another example of government restrictions would be indigenisation legislations applied in emerging countries like South Africa (Department of Mineral Resources Republic of South Africa, 2010; Karabay, 2010).

2.3 Performance of IJV's

2.3.1 Performance Measures

Literature provides different points of view on the definition of performance. Some researchers consider longevity as a success indicator (Danis & Parkhe, 2002) whilst others see termination as a success factor by arguing that efficient knowledge transfer could initiate termination (Kogut, 1988).

Geringer and Herbert (1991b) researched the comparability and reliability of subjective and objective measures of IJV performance. They determined that objective data might, in some cases, not be effective in measuring performance, for example, It would typically not be relevant to measure profitability as a measure of performance for a company that invests heavily in long term pharmaceutical development. They argue that such a company might be meeting or exceeding the objectives and expectations of the parent company, whilst in other cases profit might be the key success factor. They conclude that subjective measures might be a better way to determine performance (Geringer & Hebert, 1991b). Anderson also found that subjective measures might be superior based on how the JV performance measures vary and cannot always be measured (Anderson, 1990).

Subjective measures, on the other hand, can also be misleading and the application thereof is sometimes used due to the lack of other options and lack of resources and access to more detailed information (Geringer & Hebert, 1991b). The study illustrates the danger in oversimplification of data measurement and illuminates some contradictions and pitfalls that exist in the process of measuring performance.

In their study of Hungarian international strategic alliances created after the discontinuation of the centralised economic system of the communist political regime, Danis and Parkhe (2002) identify that for the Hungarians, success means access to FDI and managerial skills whilst for the MNE's it means market penetration. It is therefore clear that researchers need to have a good understanding of the variables that they measure as success indicators as well as a clear understanding of the relevant definition of performance.

Robson, Katsikeas and Leonidou (2002) conducted an analytical and integrated assessment of 91 empirical studies on the drivers of IJV performance. They discuss three types of performance measures, (1) unidimensional subjective measures that consider financial assessments like profitability and sales growth; (2) unidimensional

measures access IJV stability in terms of operational survival; and (3) multidimensional measures that include a variety of measures gathered from financial markets together with operational inputs and throughputs. It can also include soft issues like morale and knowledge acquisition (Robson et al., 2002). All these processes have benefits and limitations. The financial assessments can be complex and open for interpretation whilst they tell only half the story. The objective stability measure has the benefit of being objective but requires intricate design and systematic tracking over time. The multidimensional assessments have the benefits that allow for criteria over a variety of performance indicators (Robson et al., 2002). It is clear that there is some agreement about the limitations of the different measures. Considering the variety of reasons for the establishment of IJV's and the fact that there is always more than one business entity with its unique requirements, these might be just some of the reasons for the dilemma of how to compare the performance of IJV's.

One can deduct from the various views that managers with intimate knowledge and understanding of the business would be a good source in the assessment of the business. This argument is aligned with the findings of Geringer & Hebert (1991) in their research on the reliability and comparability of subjective and objective measures of IJV performance.

In Christoffersen's (2013) review of antecedents to performance, he divides performance measures into four categories and determined that 102 out of 172 studies applied subjective performance measures. He categorises his antecedents under: dissimilarities, experience, behavioural and control. These categories are based on the outcome of his meta-analysis and are limited in the sense that they do not take a global view like the model from Robson et al. (2002).

2.3.2 Indigenisation Objectives

In the context of emerging countries with a drive to ensure local ownership (Karabay et al., 2009) and knowledge transfer, one would expect that IJV's would emphasise performance indicators that support these incentives. The local parent company benefits by initiating aspects like knowledge, skills and technology transfer as key performance indicators and the mining charter is an effort of the government to promote equitable access to the nation's mineral wealth. The mining charter was established to expand opportunities for historically disadvantaged South Africans to benefit from the exploitation of the nation's mineral resources, to empower them and to expand their skills base. It exists to promote employment and advance the social and economic welfare of

mining communities and the major labour sending areas. It also promotes the beneficiation of South Africa's mineral commodities (Department of Mineral Resources Republic of South Africa, 2010).

The South African Broad-Based Black Economic Empowerment Legislation (BBBEE) targets seven elements: ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socioeconomic development. The intent is to ensure greater black ownership through redistribution and to ensure new growth is skewed towards black entrepreneurs (National Planning Commission, 2011).

Through the lens of the agency theory where the IJVs act as agent through which the parent organisations aim to increase their business activities and successes, one can observe the possible conflicting interests of the partners (Kumar, 2011). The main commercial objectives of the MNE partner would probably be interest in aspects like political connectedness and market penetration whilst the local partner would be interested in knowledge, management skills and technology transfer (Hyder, Abraha, & Mukhtar, 2014; Kumar, 2011; Levin & Barnard, 2013; Sun et al., 2010). Kumar (2011) addresses the *conflict* between the search for both common and private benefits as defined by Arino (Ariño, 2003). He found that when a high amount of private benefits exist in a joint venture it leads to defensive behaviour that impacts negatively on performance due to a negative impact on cooperation (Shyam Kumar, 2011).

2.4 Antecedents to Performance

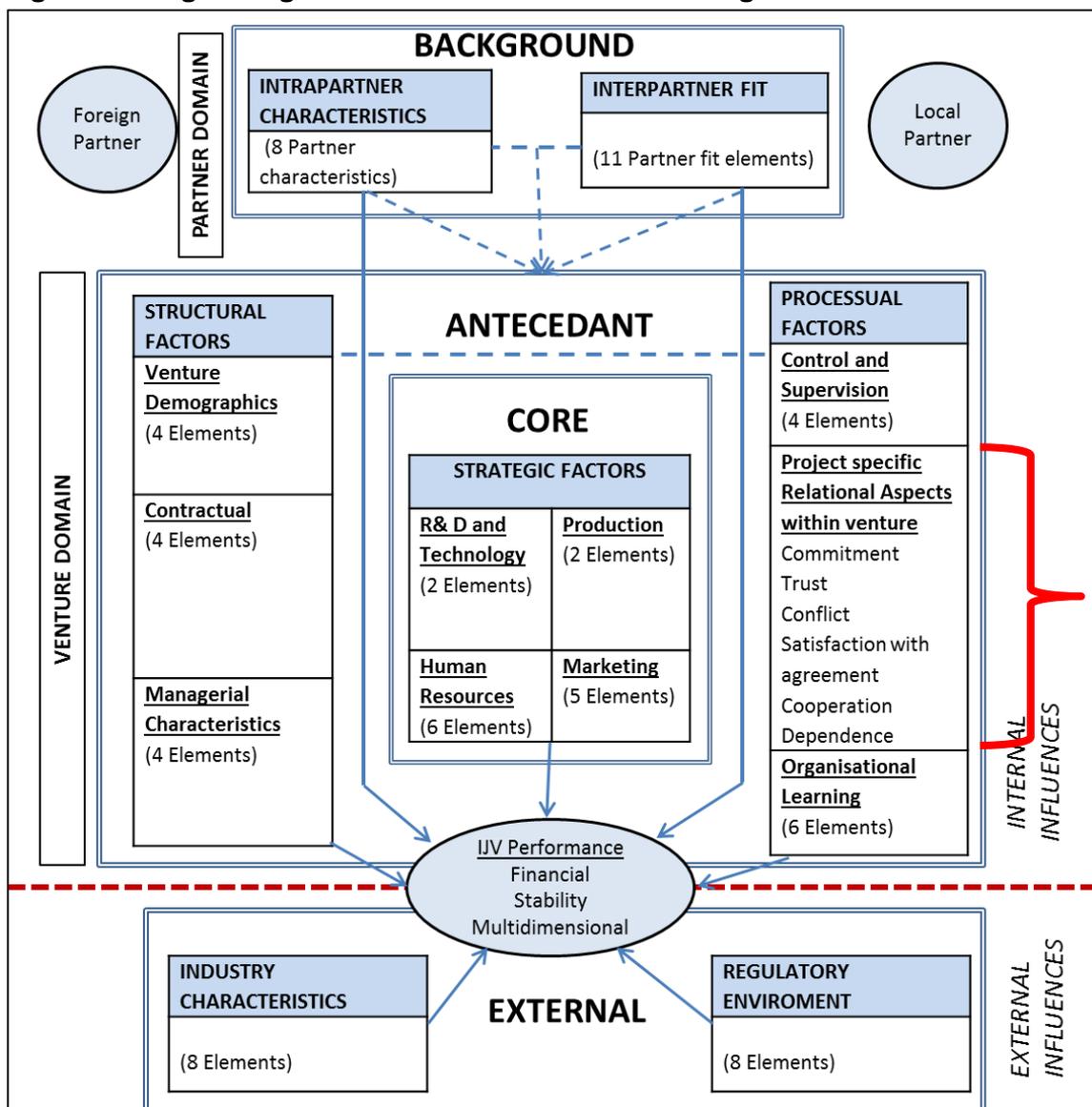
The elements impacting on IJV's have been the topic of extensive research and a large amount of learning has taken place, but researchers are still struggling to find a common theoretical base to work from. Robson (2002) found in his review that scholars have shifted from studying the reasons for IJV's and their structural and demographic characteristics in the earlier years since the 1960's. Recent research focuses more on the elements that support the performance of IJV's with specific focus on behavioural aspects (Christoffersen, Plenborg, & Robson, 2014; Culpan, 2009; Robson, Skarmeas, & Stravroula, 2006).

2.5 Framework for Factors Impacting IJV Performance

Various reviews have done meta-analysis of studies on antecedents to performance in recent years. Robson, Katsikeas and Leonidou (2002) conducted a review of 91 journal articles on the factors influencing IJV performance for a period of 15 years running up to

2002. The review identified a total of 74 determinants grouped within seven measuring approaches. The framework is illustrated in Figure 2-2 and is referred to as the *Robson Framework* for the purpose of this study. These measuring approaches are grouped under 14 elements. The 14 elements are bundled together under five construct types. The result is an integrated framework categorised by *Background*, *Antecedent*, *Core*, *Environment* and *IJV Performance*. The study also reviewed the consistency of the various related studies. A primary focus of the study was to evaluate the impact of the various determinants on performance. The abbreviated framework is included because it is the most comprehensive framework identified during the literature review and Christoffersen (2013) also refers to the framework.

Figure 2-2 Organising Framework of Factors influencing IJV Performance



SOURCE: Adapted from (Robson et al., 2002) (model simplified for illustration purposes)

2.5.1 Background Category

The background category of the Robson et al. (2002) model environment is divided into aspects that characterise the intrapartner characteristic aspects and the interpartner fit. These are aspects that can be considered prior to a collaboration and play a role in the performance of the active JV. These constructs have been extensively researched but the results seem to differ between entities because the findings differ.

Intrapartner characteristics include aspects like parent size, appetite for collaboration, previous collaboration experience, and the investment options they have. These parent specific characteristics are considered to influence the performance of an IJV (Robson et al., 2002).

Intrapartner fit is about the overall match between the companies and includes previous experiences, similarities, cultural distances and strategic alignment with regards to resources and skills (Robson et al., 2002).

2.5.2 Antecedent Category

What Robson et al. (2002) refers to as the antecedent category covers two areas, the structural factors and the processual factors.

2.5.2.1 Structural Factors

The structural factors include venture demographics, contractual elements and managerial characteristics (Robson et al., 2002).

Venture demographics include the venture specific characteristics of the venture age, venture business relevance, venture size and number of parents (Robson et al., 2002).

Contractual elements address the characteristics of the agreement between the parents, the content thereof and how it is applied. The framework model contains the following contractual elements: Balanced equity ownership, foreign dominant equity ownership, clarity of written objectives/contributions, venture management equity stakes, and predetermined termination date (Robson et al., 2002).

Managerial characteristics address the management aspects including knowledge and abilities, interpersonal skills, manager adaptability and objective manager attributes (Robson et al., 2002).

2.5.2.2 Processual Factors

Processual factors include the elements of control and supervision, projects specific relational aspects and organisational learning (Robson et al., 2002).

Control and supervision covers the following constructs: Balanced partner control, foreign dominant control, local dominant control, and autonomy from parents (Robson et al., 2002). *Control* is considered as an important construct but is measured by different constructs in literature (Christoffersen, 2013; Ren et al., 2009; T. Reus & Rottig, 2009).

Project specific relational aspects are also otherwise referred to as **behavioural constructs** and for the purpose of this study it is referred to as such. Behavioural factors are considered as prominent constructs with well-established correlations to performance and they include *commitment, trust, conflict*, satisfaction with agreement, forbearance and *cooperation*. These constructs align well with other literature (Christoffersen, 2013; Gomes et al., 2014; Ren et al., 2009; Robson et al., 2002)

Organisational learning or knowledge transfer is considered an important success factor and is also well researched. The framework considers the following elements; venture adaptability, local partner absorption, foreign partner localisation, venture knowledge acquisition, integrative resource pooling and venture resource independence (Robson et al., 2002).

2.5.3 External Category

The external category considers the industry and the regulatory environment.

The **industry characteristics** address eight constructs: Standard industry classification (SIC) group, industry concentration, structure uncertainty, growth and profitability. Robson et al. (2002) also considers the scale intensity and the technology level. The main conclusion from Robson et al. (2002) is that there are confusing findings for most hypothesised performance drivers but behavioural factors such as *trust, commitment* and *conflict* have significant effects. They conclude that behavioural factors are probably the most important. Their framework is comprehensive in nature and provides a basis in which future work can be related. The model is presented in Figure 2-2 and illustrates the framework and the position of the behavioural constructs.

Another prominent review document is that of Reus and Ritchie (2004) who conducted a thorough review of 194 articles on IJV performance constructs and categorised them into three categories: (1) Inter-partner; (2) Parent related; and (3) Environmental (Reus

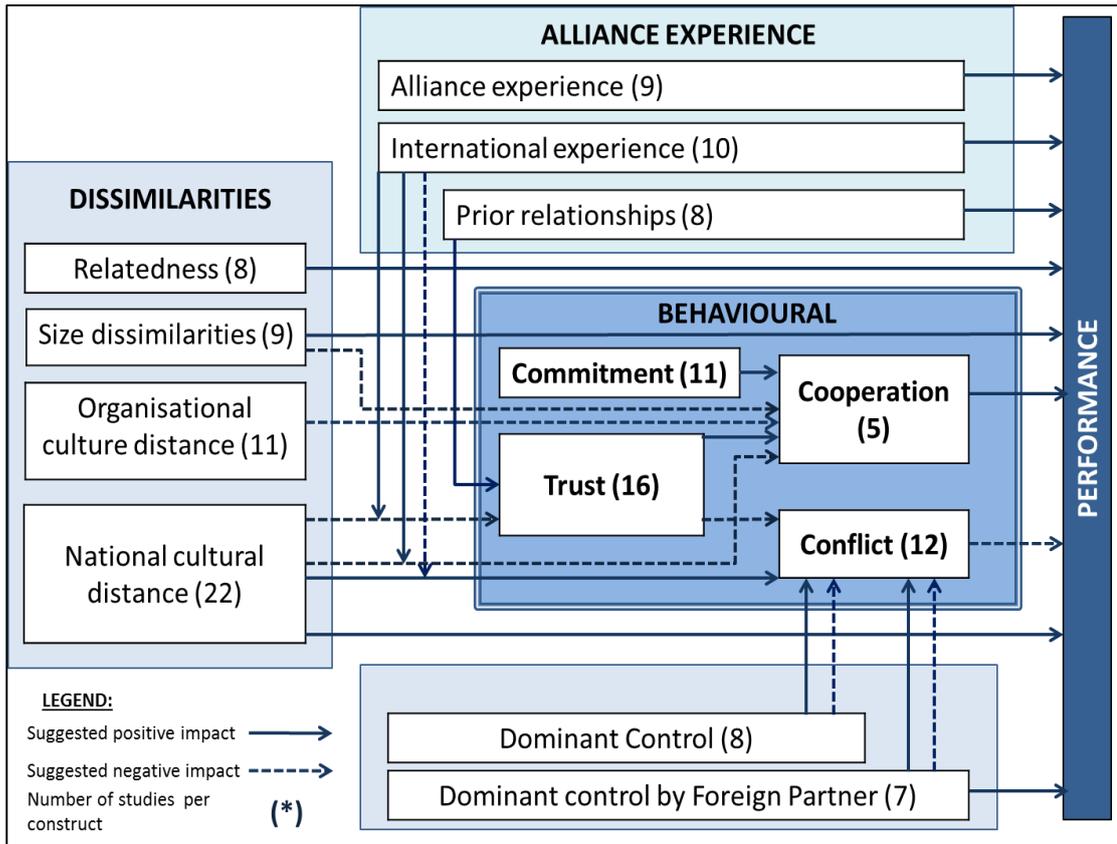
& Ritchie III, 2004). This study provides good insight into the aspects researched, but the reasoning behind the categorisation lacks the clarity illustrated by Robson et al. (2002) due to the fact that only three levels are considered, namely interpartner, parent and environmental. Reus and Ritchie III (2004) give recognition to the work by Robson et al. (2002) but they maybe could provide more value if they linked their findings in relation to the categories developed by Robson et al. (2002).

Robson, Skarmeas, and Spyropoulou (2006) built on the theme of behavioural aspects and identified *commitment* and *trust* as “relationship capital” and *cooperation*, *conflict* reduction and communication as “exchange climate aspects”. They found that *commitment* and *cooperation* prove most consistently positively linked to performance. The pattern of confirmed behavioural antecedents that influence performance is yet again confirmed, but not with some direct contradictions on the relationships.

Nippa et al. (2007) reviewed 41 research papers and categorised them in a unique theory based framework. They agree that the behavioural issues *trust*, *cooperation* and *conflict* are key constructs, impacting on performance. They also found that the time of existence and control do have a positive correlation. They thoroughly recognise the fact that survival bias might impact on the results of age of survival.

Christoffersen (2013) executed the most comprehensive review of antecedents of performance of IJV's. He conducted a meta-analysis of 165 selected journal articles on the topic and developed a framework that he believed can assist in guiding future research. His review is more robust from a statistical perspective because he only evaluated constructs for which he could find more than five results. The meta-analysis approach followed by Christoffersen does have limitations. Ren et al., (2009) argue that a meta-analysis is not possible because there are too few studies using the same variables. Christoffersen (2013) addressed this issue by using only constructs that have been researched and published in at least five journal articles. His work was done four years after Ren's', when more data was available, but it can still be argued that the amount of data is a possible limitation. The model is simplified and proposes relationships between various constructs even though he found contradictory findings in most cases. He categorised all constructs under four headings: *Behavioural*, *dissimilarities*, *experience* and *control*, as illustrated in Figure 2-3.

Figure 2-3: Antecedents of International Strategic Alliance Performance



SOUCE: Adapted from (Christoffersen, 2013)

Christoffersen (2013) stated clearly that his framework provides mostly proposals and that there is still an amount of ambiguity. He doesn't consider his work a final product but rather an effort to create progress in research. He indicates the relationships and proposes a probable positive or negative impact. The correlation is depicted as positive or negative by the use of a solid or dotted line. The framework is presented in Figure 2-3. It proposes some direct correlations but also some correlations between constructs that are influenced by another construct. The framework developed by Christoffersen (2013) will be referred to as *Christoffersen's framework* for the purpose of this study. For instance national cultural distance is proposed to have a negative impact on cooperation, but the correlation is influenced by the amount of international experience.

A comparison between the fourteen constructs identified by Christoffersen (2013) and the model by Robson et al. (2002) reveal they only overlap with four of the fourteen elements. Table 2-1 provides an illustration of the elements impacting on IJV performance as identified by Robson et al. (2002), and that are included in *Christoffersen's framework*. Observe that only a limited amount of construct types are

represented in the framework. There is therefore still a better understanding required of how these elements impact on each other and performance a whole.

Table 2.1: Illustration of the Correlation between Robson et al.'s (2002) Elements and the Constructs Identified by Christoffersen (2013)

Robson et al.'s Elements			Christoffersen's Framework
Construct Types	Measuring Approach	Element categories	Christoffersen's Constructs
Background		Inter-partner Characteristics	Prior Relationships International experience
		Inter-partner Fit	Organisational cultural distance National cultural distance Prior Relationships Size dissimilarities
Antecedents	Structural factors	Venture demographics	None
		Contractual Elements	None
	Managerial Characteristics	None	
	Procedural factors	Control and supervision	Foreign dominant Control Dominant Control
		Project specific Relational Aspects (Referred to as <i>behavioural</i> in this study)	Commitment Trust Cooperation Conflict
	Organisational Learning	None	
Core	Strategic Factors	R&D and technology	None
		Human Resources	None
		Production	None
		Marketing	None
External		Industry Characteristics	None
		Regulatory environment	None

2.5.4 Behavioural Antecedents

Christoffersen (2013) findings are particularly aligned with that of Robson et al. (2002) and form the core of his model. He found that behavioural constructs form part of the development of hypotheses of other constructs in many studies. The four behavioural constructs, *commitment*, *trust*, *cooperation* and *conflict* have the highest levels of correlation to performance. *Relatedness* and *alliance experience* are the only other two that provide similar levels of correlation to performance.

Christoffersen's framework also aligns with the view of Matthew, Robson, Skarmeas and Spyropoulou (2006) regarding the positioning of the four behavioural constructs. They classify *commitment* and *trust* as "relationship capital" that influences the "exchange

climate”. *Cooperation* and *conflict*, form part of the exchange climate (Robson, Skarmeas, & Spyropoulou, 2006).

2.5.4.1 Commitment

Commitment, in its definition as considered by Christoffersen (2013), is a multi-faceted construct in itself and involves both affective (attitudinal), and calculative dimensions, as developed in organisational behaviour literature and escribed by Swailes (2002). Calculative *commitment* takes place after consideration of the value and benefits of the possible future relationship. Even positive future benefits might not be enough to ensure *commitment*, when alternatives might be more beneficial (Swailes, 2002). The opportunity cost therefore plays an important role due to the fact that IJV’s require long term *commitment* of resources in the form of capital, management skills, technology knowledge and others. *Commitment* to IJV’s are typically signalled by the capital investment in the JV, and the level of *commitment* can be related to the relative size of the investment (Beamish & Lupton, 2009). Affective *commitment* considers the acceptance and/or belief in the goals of the organisation and has a more emotional link (Swailes, 2002). According to Siders (2001), studies on the results of employee *commitment* have found that *commitment* leads to behaviours that support the organisational performance due to the perception that the long term relationship will be beneficial.

Trust was initially more prominently studied and considered more important than *commitment* as a performance determinant in IJV’s (Robson et al., 2002). Spekman, Isabella and MacAvoy (as cited by Nakos & Brouthers, 2008) suggest that *commitment* must contain a degree of *trust* and the combination supports the perception of benefit in a long term relationship. *Trust* is therefore linked to *commitment* (Nakos & Brouthers, 2008). From a meta-analysis conducted by Geyskens, Steenkamp and Kumar (1999), they confirm *trust* as an antecedent to *commitment* and indicate that *trust* develops prior to *commitment*. They do state however, that although they consider the relationship to be ‘over researched’, special cases could exist. There is therefore strong consensus about the dependency of *commitment* to the existence of *trust*. According to Beamish and Lupton (2009) and supported by numerous scholars (Geyskens, Steenkamp, & Kumar, 1999; Nakos & Brouthers, 2008; Robson, Skarmeas, & Stravroula, 2006; Spekman, Isabella, & MacAvoy, 2000), in order to display *commitment*, the JV’s parent company needs to invest in the new entity. They argue that *commitment* enhances *cooperation*, even in cases where the parent companies are in competition.

Considering the fact that *commitment* is identified as both an emotional and calculated aspect, it is ironic that this construct is not linked to the input from any other constructs. Although in Christoffersen's framework, no element of influence is identified and it is illustrated as independent, Gomes, Barnes and Mahmood (2014) mention the influence of organisational justice on *commitment* (Gomes et al., 2014). The other limitation of this isolated position of *commitment* in the model, is that it frames it as a constant. More relating to the influences of *commitment* should probably be done to develop a better understanding of the drivers of *commitment*. The framework indicates the only links with *commitment* are the positive effects on performance and *cooperation* (Christoffersen, 2013).

Commitment is mentioned across numerous studies and can be considered a universal ingredient together with *trust* and honesty. Although there is consensus of the positive effect of *commitment* on importance, some studies have found relatively low empirical support for its direct association. This has led to the argument that *commitment* on its own will not influence performance but may need a facilitation mechanism (Nakos & Brouthers, 2008).

Rahman and Korn (2012), in their research on the impact of longevity on JV performance, determined that an escalated amount of *commitment* can increase the longevity of a underperforming or failing JV, and destroy value. In this case it correlates negatively to performance (Rahman & Korn, 2012).

Christoffersen (2013) argues in line with Robson (2000), that *commitment* and *trust* are fundamental ties that influence the level of cooperation and *conflict*. *Commitment* theory suggests that an increase in *commitment* causes an escalation in cooperation and decreases opportunistic behaviour while supporting performance (Muthusamy & White, 2005).

2.5.4.2 Trust

Trust is identified as one of the two foundational behavioural constructs. It is considered to be negatively correlated to National cultural distance and positively correlated to prior relationships as reflected in figure 2-3. *Trust* is about one partner's ability to rely on the other and considered essential, due to the interdependencies and opportunities for exploitation (Y. Luo, 2002). Ren, Gray and Kim (2009) in their in-depth review of 61 articles on IJV performance found that although *trust* is generally positively connected with performance, it is not always the case. The link between trust and performance is

not universal and relies on circumstances. Most research is cross sectional and comprises a single respondent that exposes it to common method bias. They also indicate that *trust* is evolutionary and needs to be studied longitudinally because it can be reinforced or depleted over time in a relationship. Inkpen and Currall (2004) agree with the evolutionary nature of *trust*. They consider *trust* and initial collaborative behaviour as creating the environment for the type of partner interactions and control measures. The decisions and controls then inform the type of evolution of the alliance with regards to learning in the alliance. *Trust* and *knowledge* will then co-evolve (Inkpen & Currall, 2004). *Christoffersen's framework* does not include knowledge acquisition as he considers it to be in a grey zone because some consider it as a performance indicator and others an antecedent to performance (Christoffersen, 2013). The argument by Christoffersen is unclear, because even if he is uncertain about the classification of knowledge acquisition, if it has a correlation to any other construct it should be indicated as such.

Trust can play out on different levels in the IJV and is not universal across the organisation so consideration should be taken accordingly (Inkpen & Currall, 2004). The level of *trust* between the parent companies on a high level might be good, but the performance might be impacted by a breach of *trust* on a board level. This supports the findings that *trust* might not always be a prerequisite for performance.

2.5.4.3 Conflict

Schmidt and Kochan (1972, p.363) define *conflict* as “overt behaviour arising out of a process in which one unit seek the advantage of its own interest in its relationship with others. In the IJV literature, a further form of *conflict* is applied where *conflict* is broken down into relationship *conflict*, task *conflict* and process *conflict* as defined by Jehn and Mannix (Christoffersen, 2013; Ren et al., 2009). *Relationship conflict* occurs on an interpersonal level and elements such as feeling tension and friction are indicators. *Relationship conflict* involves personal issues such as dislike among group members and feelings such as annoyance, frustration, and irritation. *Task conflict* is an awareness of differences in viewpoints and opinions pertaining to a group task and it pertains to *conflict* about ideas and differences of opinion about the task. *Task conflicts* are less emotional than *relationship conflict*. *Process conflict* addresses aspects of how the accomplishment of tasks will proceed and includes issues of duty and resource delegation, including the when, who and how. This can typically be, when group

members disagree about whose responsibility it is to complete a specific duty, they are experiencing *process conflict* (Jehn & Mannix, 2001).

The types of *conflict* that mostly relate to the IJV relationship are process and task *conflict*, although relationship *conflict* can become prominent in areas of cultural distance.

Conflict is grouped with *cooperation* as dependant on *commitment* and *trust* but has also been identified to have a negative feedback loop with *trust*. Continuous *conflict* has been found to deteriorate *trust*. *Conflict* is mostly considered to relate negatively to performance as it cannot only impact on *trust* but also distract attention and focus to the task at hand and delay decision-making and execution (Steensma & Lyles, 2000). Ren et al. (2009) indicate that the role of *conflict* resolution measures should also be considered in the process of measurement and they further point out that *task conflict* in a moderate amount might assist in performance when proper measures are in place. *Conflict* can be eliminated by parent companies deeply considering how they want performance to be measured before attempting to negotiate the JV agreement (Beamish & Lupton, 2009). One can therefore argue that the level of *conflict* can be influenced by means of the management processes.

Christoffersen's framework illustrates four relationships with *conflict* including correlations between national cultural distance, *trust* and the different types of dominant control. The framework indicates both positive and negative correlations with the types of dominant *control*. The question that arises from these variations of influence raise a question of what would mediate such variance in correlation. Ren et al. (2009) identified *conflict* resolution mechanisms as important to govern and influence the quality of the IJV relationships. They identified the importance of inclusivity of operational processes as identified by Fayerweather & Kapoor (1972) to support successful IJV's. These mechanisms include the initial alliance contracts as well as governance frameworks.

2.5.4.4 Co-operation

Various definitions of *cooperation* are applied in literature. Argyle (as cited by Christoffersen, 2013, p.73) defines *co-operation* as the "acting together of people or groups in a coordinated manner to pursue shared and complimentary goals". Christofferson (2013) also applies the dimensions as developed by Hyde and Minor (1992 as cited by Christoffersen, 2013) to his research. These dimensions are: flexibility, knowledge sharing, shared problem solving and restrained use of power.

Companies can save time through an environment of mutual *trust* and *cooperation* due to a quicker understanding of the culture, operations, processes and practices. Kumar (2011), in his quest to determine if IJV's are positive sum games, found that parent companies search for both common and private benefits that influence the amount of cooperation that one can expect. When a high amount of private benefits exist in a joint venture, it can lead to defensive behaviour that impacts negatively on performance. The agency hazards can lead to tensions and *conflict* that would need to be addressed by parent initiated control mechanisms. From a transactional cost perspective, mutual *trust* is a much more cost effective way to encourage *cooperative behaviour* (Hsieh & Rodrigues, 2014) and a balance between the different mechanisms might be the best solution. Das and Rahman (2010) for example, propose from the social exchange theory perspective, the benefits that can be created by having a policy of transparent participative decision-making.

2.5.5 Dissimilarity Antecedents

The focus of the study is to consider the behavioural constructs and the dynamics around them. The other three categories will therefore not be discussed to the same depth. Christoffersen (2013) found only four constructs that address dissimilarities between partners which met his criteria. These four all fall within the background construct type that considers the partner domain in Robson et al.'s framework (2002) as indicated in Figure 2-2. This framework identifies a total of 18 constructs in this domain that have been researched (Robson et al., 2002). These constructs form part of elements that can be investigated and considered prior to choice of partner and contractual agreement (Gomes et al., 2014). These four constructs are probably more universally applicable if one considers the frequency at which they are researched. Figure 2-3 illustrates by the numbers in brackets, that between eight and twenty two studies have been done on them in the articles included in the review (Christoffersen, 2013).

2.5.5.1 Culture

Hofstede, Neuijen, Ohayv, & Sanders (1990, p.313) determine that National and organisational culture are "phenomena of different order and that it should be treated separately". National and organisational cultural differences are two elements that influence the IJV environment. In all IJV's at least one partner will be confronted with a different national cultural environment, whilst organisational culture differences are also always at play. Research on the impact of cultural differences have provided mixed

results (Inkpen & Beamish, 1997) although there are indications that in general they contribute to conflict and have a negative effect on performance.

National Culture

Beamish and Lupton (2009) report that some studies on national culture differences were inspired by Hofstede (1980, 1991 as cited in Beamish & Lupton, 2009) who identified different trades that relate to individuals from different nationalities. Hofstede found that different countries have, for instance, different levels of individualism and tolerance of uncertainty. These different trades result in individuals taking different stances when it comes to decision-making. Beamish and Lupton (2009) express the need for managers to be aware of these differences in culture, and that they need to be able to make compromises to find the balance between organisational goals and the impact of *conflict* that arises from individual differences (Beamish & Lupton, 2009).

Organisational Culture

Organisational cultural can have an even bigger impact in IJV performance than National cultural differences (Fey & Beamish, 1991). It is therefore important that the culture of the potential future partner for a possible IJV be evaluated beforehand. If matching issues are identified, it should be addressed before negotiations are completed (Beamish & Lupton, 2009).

2.5.5.2 Size Dissimilarities

Size dissimilarities are also identified as one of the background constructs that can be assessed pre-agreement and play a role in the choice of partner. These types of constructs were the focus of earlier studies (Gomes et al., 2014). Various studies were done on the topic with a variety of arguments over why it should impact negatively on the performance of IJV's. Reasons include difficulties that would be faced due to idiosyncratic incentives for partners, cultural variation, and asymmetric policies on information distribution. The outcome of the studies are fairly consistent but with insignificant correlation to performance (Christoffersen, 2013). With the knowledge of the effect of size dissimilarity on performance, the relevance of including it into a model can be questioned.

2.5.5.3 Relatedness

Relatedness refers to the commonalities in the business activities, products and industries of the companies involved in the IJV. The arguments for positive impacts of

relatedness, are considering issues like economies of scale and synergies in the transferring of knowledge and resources (Merchant & Schendel, 2000). Other reasons for the argument of the positive impact of relatedness are that exploitation of one partner would be relatively difficult and thus cooperation would be enhanced (Luo, 1997). Christoffersen (2013) found eight studies that looked at the construct in relation to performance of IJV's and concludes that the proposed positive correlation is consistently supported.

2.5.6 Experience Antecedents

Experience also relates to pre-alliance experience. Four types of constructs relating to experience have been studied in more than five articles. These four are international experience, alliance experience, international alliance experience and prior partner relationships (Christoffersen, 2013).

Alliance experience

There is general agreement that alliance experience is definitely to be evaluated in the choice of possible future alliance partners (Christoffersen, 2013; Greve, Baum, Mitsuhashi, & Rowley, 2010; Rahman & Korn, 2012), but there are strong views that the impact of this construct changes during the ongoing interactions (Greve et al., 2010). Kale, Dyer and Singh (2002) found that companies with more alliance experience or with dedicated alliance functions, realise greater success with alliances. Various studies agree that the value of alliance experience lies in the learning concepts strategically coordinating alliance activity and capturing alliance relating knowledge, and in some cases institutionalising it. By gathering, interpreting and codifying alliance knowledge separately from general knowledge, a knowledge base is build that can help reduce mistakes and improve the ability to take on challenges (Kale, Dyer, & Singh, 2002; McCutchen, Swamidass, & Teng, 2007).

Nine articles were identified by Christoffersen (2013) that addressed alliance experience. He reports that most studies looked at the number of previous alliances to determine alliance experience, and that most studies found a positive correlation with IJV performance. The model in figure 2-3 has a solid line arrow that indicates a direct correlation to performance.

International Experience

The general argument is that companies would be more capable of negotiating their way in an international environment if they had more understanding of the rules that apply in

a certain environment. International experience provided the knowledge and skills to operate in a given environment (Christoffersen, 2013). The ability to communicate and the prevention of misunderstandings is facilitated by experiences (Luo, 1997). Lu and Beamish (2006) argue that the opposite could actually also be true where a company's international knowledge has reached a stage where they would prefer to take full control rather than being involved in an alliance. They use stability as a performance measure with international experience and the correlation was negative in their study. In a case like this it can lead to *conflict* that can impact negatively on IJV performance (Lu & Beamish, 2006).

Christoffersen (2013) reports nine studies that include international experience. The measurement is mostly based on how long a particular company had international experience or experience in the relevant host country. Mixed results were reported from the various studies. The model in figure 2-3 indicates solid arrows to the outputs of National cultural distance, implying a positive impact of international experience on *cooperation and trust*. A dotted line indicates the possible negative impact that it might have on *conflict* due to the fact that MNE's might want to be autonomous when they have the experience required (Christoffersen, 2013).

International Alliance Experience

The construct of international alliance experience applies when both international experience and alliance experience are studied at the same time. The argument is mostly similar to other experience constructs, that it will benefit companies by providing a double learning experience and that it will have a positive impact on performance (Christoffersen, 2013).

Ten studies in Christoffersen's (2013) review studied the constructs and the results were relatively consistently positive or insignificant. The results are therefore quite consistent with the other constructs on experience, without any clear evidence of the combined learning effect.

Prior Relationships

The argument behind the construct is about the acquiring of knowledge in two ways. The first aspect is around the technical knowledge acquired between the two partners (Christoffersen, 2013). It includes aspects of how they do business and the resources, knowledge and skills that they have. The second learning is on a social level where the partners learn through interaction. The frequency of interacting can assist in the building

of *trust* relationships (Greve et al., 2010). In both cases the arguments are that the learning will support alliance performance (Christoffersen, 2013).

Eight Studies from Christoffersen's (2013) review looked at the construct. While two of the eight looked at specific relationships, the other looked at relationships in general. The correlation between prior relationships and performance is mostly insignificant, with some contradicting positive and negative results.

2.5.7 Control Antecedents

Control is about the amount of decision power each parent exercises in influencing the IJV to achieve its objectives (Killen, 1983 as cited by Ren et al., 2009). Yan and Gray (2001) identify three manners in which control are exerted: (1) Strategic decision making; (2) Operational decision making by influencing the running of the business; and (3) Structurally designing the IJV's corporate structure and operating procedures. They found that the different types may differentially influence IJV performance.

Based on the number of studies that were included by Christoffersen (2013) it was found that dominant control can be from either the foreign or the local partner and also dominant partner control.

Dominant Control by Foreign Partner

Dominant control by the foreign partner argues that the MNE as a foreign partner will be better resourced to implement superior processes which will give better outcomes and they will be able to ensure they capture a fair share of the benefits. Luo (2001) found that although dominant control applied by one partner can have a positive outcome for that partner, the other partner and the JV itself might be affected differently. In addition, the way the studies are conducted and depending on which partner is asked, the findings can swing to different conclusions. There was no negative correlation findings but a mix between positive correlation and insignificant correlation to performance results. Christoffersen (2013) indicates both solid and dotted arrows to influence *conflict*. He also indicates a solid arrow to propose a possible positive impact directly to performance. The problem here is that only three of eight studies actually indicated a positive correlation, the rest found an insignificant impact.

Dominant Control by Focal Partner

Eight articles covered by Christoffersen (2013) covered the construct of dominant control by focal partner where the control leans towards one partner. The argument is that the partner with the effect will be greater than benefitting the one partner only. The argument

is based on the probable superior ability of the dominant partner to control the strategic resources (Mjoen & Tallman, 1997). A total of fourteen tests were evaluated. The same amount of studies found a positive correlation as there were insignificant results. Two negative results were also reported. The construct is included in the model with both a positive and negative impact to *conflict* as proposed and this construct is excluded from the model.

Dominant Partner Control

The construct of dominant partner control is where the one partner manages the JV as a full subsidiary and takes full management and control. There are opposing arguments for and against the positive impact on performance. Firstly the argument that dominant parent control improves performance is based on the view that processes will be simplified and focused and lead to improved performance. The opposite arguments are based on a view that the other partner will be frustrated and that it will lead to *conflict* which jeopardies relationships with a negative impact on JV performance (Geringer & Hebert, 1991a; Herbert, 1996). The construct results are basically evenly spread between positive, negative and not significant, to the extent that no deductions can be made. The question that one might ask is if it makes sense to propose a relation if the results are contradictory.

From the various studies that were reviewed, no consensus could be found on the correlation between control and performance (Christoffersen, 2013). Ren et al. (2009) made similar findings on the ambiguity regarding control as an antecedent of performance but they propose that more work should be done on the types of control. The limitation in the *framework of Christoffersen* is that he only chose three types of dominant control and indicates the influences as both positive and negative to *conflict* as a behavioural construct in his model. A contradiction in the framework is that Christoffersen chose only constructs that have been studied more than five times, but then inserted a solid arrow from dominant control by foreign partner directly to performance, based on some arguments although there is not good consensus proven from the studies.

2.5.8 Catalysts between Antecedents

Beamish and Lupton (2009) conducted a review of 25 years of IJV research. They recognise the contradictory results of individual studies on the antecedents of performance and ascribe them to contextual issues. They consider six stages in their review. They argue that performance is important throughout the life of the JV and that

the performance criteria is part of the strategic decisions that are made since they are the motivational reasons for the establishment of the JV. If context is the reason for the contradictory results and the continuing decision-making does influence the correlation between various constructs and performance, it would be an important aspect to consider. One can ask the question: What are the elements that facilitate these relationships, and what are the mechanisms that can assist management? Beamish and Lupton (2009) refer to the importance for companies to actively take control of the management processes and to develop competencies by identifying best practices and institutionalise them. They make reference to how a pharmaceutical giant developed a highly sophisticated proprietary framework that covers every aspect of its alliance formation process (Dhanaraj, Lyles, & Lai cited by Beamish and Lupton, 2009). Geringer and Herbert (1991b) found that management decisions are taken despite the large emphasis placed on them, of much more importance than entry criteria and control measures (Geringer & Hebert, 1991b).

During the literature review some parallels were identified between the characteristics of IJV's and virtual teams. Virtual teams differ from conventional teams in their dispersal across geography, time and organisational barriers, for the purpose of achieving unique and often short-lived goals. Early virtual team work has developed an Input-Process-Output model that indicates inter-relations between what they call socio-emotional processes and task processes (Powell, Piccoli, & Ives, 2004). This model illustrates that there is interaction between behavioural constructs and task processes that influence the outcome. This model correlates with both the role of context and management decisions mentioned by Beamish and Lupton (2009) and Geringer and Herbert (1991).

In their critical assessment of empirical literature on the impact of cultural differences on IJV performance, Christoffersen, Globerman, & Nielsen (2013) also report on contradictory research findings. They identify the need to consider the "black box" of IJV managerial processes in future research. They mention behavioural constructs like *commitment*, *conflict* and *communication* as management processes. A proposal to model these management processes and their influences on performance in an Input-Process-Output (IPO) framework, is made. More value might be added by considering a broader range of constructs in an IPO model with behavioural constructs in general.

Consistent with Beamish and Lupton (2009), different stages call for different catalysts to performance. They mention for instance aspects like resolution mechanisms to address *conflict* and re-negotiation of terms.

2.6 IJV's in a Indigenisation Legislation Environment

Developing countries offer a range of incentives such as tax rebates and import duty exemptions as well as infrastructure subsidies to attract FDI investment into the countries (Waldkirch & Ofosu, 2010). The aim of these countries would not only be the capital investment but probably more so the secondary benefits from such investment like employment opportunities, foreign exchange, access to new technology and intangible knowledge that may spill over from MNE activities. The benefit of these aspects that might flow over to local businesses are considered as maybe the most important success factor (Ramirez, 2006). The South African legislation was typically put in place with these aspects in mind. The South African Broad-Based Black Economic Empowerment (BBBEE) legislation targets seven elements: ownership, management control, employment equity, skills development, preferential procurement, enterprise development and socioeconomic development. The intent is to ensure greater black ownership through redistribution and to ensure new growth is skewed towards black entrepreneurs (National Planning Commission, 2011). Although BBBEE legislative requirements assist in the achievement of some of the objectives without structural interventions, IJV's are one of very few options to address ownership and management control.

The case study that forms the unit of analysis for this study was established when a large mining company initiated the expansion of their market share with the intent to acquire a large key local company. The creation of the joint venture between a local BBBEE company and the large multinational multi-commodity mining company was initiated as part of this transaction and formed part of the initiative to comply to the Mining Charter legislation on Black Economic Empowerment (BEE). In the approval report of the South African Competition Tribunal that led to the creation of the JV, the key role of the BEE ownership is highlighted. The report mentions two key indigenisation requirements for compliance to government and BEE legislation. The first requirement by government was that the primary acquired asset should stay listed on the local stock exchange. The second requirement refers to the creation of a "Significant Black owned and controlled Resource Company". The formation of the specific IJV under discussion formed a small part of the transaction but it is significant in the sense that it created an independent entity with 50/50 ownership between a local company and a MNE.

2.7 Conclusion

In conclusion, it is evident that IJV's are one possibility that MNE's have to evaluate as an option to enter the market in a different country. Depending on the inputs that the MNE possesses and the inputs from the host country, the choice of accessing the local inputs are mostly based on transactional cost theory under normal conditions. In the case of emerging countries indigenisation legislative requirements might play an overruling role in the decision between the modes of entry. The choice between the formation of wholly-owned subsidiaries through acquisitions, joint venture formation or the acquiring of the inputs directly in the market, might therefore be influenced by legislative requirements.

The review of literature has looked at how IJV performance is defined, and there is strong support that the subjective definition of success and measurement of management satisfaction, is a relevant measure of performance that is widely used in academic literature. Recent literature also suggests that behavioural constructs are foundational antecedents for performance of IJV's.

The following sections of research investigate if there are unique measures of performance that apply in the context of IJV's that are established as a result of indigenisation legislation. The study then further evaluates the relevance of four behavioural constructs to performance, *commitment*, *trust*, *co-operation* and *conflict*. The study explores the relationships between the constructs and catalysts that could influence them.

Chapter 3: Research Questions

3.1 Introduction to the Research Question Formulation

Research in a university setting is defined as an original investigation that is undertaken for the purpose of developing an understanding of a specific field. It is the processes of creating new knowledge in the sense of creating new perspectives to how facts are considered and how theories are applied (Myers, 2013). The literature reviewed in the previous chapter made suggestions regarding how the performance of IJVs are measured and also that behavioural constructs are considered key antecedents to influence performance. From the literature review the researcher developed research questions which were tested through the collection and analysis of data acquired within the context of the project.

3.2 Research Questions

3.2.1 Research Question 1

The literature reviewed indicated that there is relative consensus about the key role behavioural constructs play as antecedents to performance (Christoffersen, 2013; Ren et al., 2009; Reus & Rottig, 2009) In a comprehensive study of 165 studies on antecedents, Christoffersen (2013) identified four behavioural constructs as key factors to success and proposed potential relationships.

Research Question 1.: Are the four behavioural antecedents identified in *Christoffersen's framework*, relevant as mediating constructs to performance in an IJV that was founded due to legislative reasons within an indigenisation environment, and what unique aspects impact on them in this environment?

3.2.2 Research Question 2

The indigenisation legislation in emerging countries has the objective of not only ensuring local ownership but also for the improvement of management skills in the country.

What are the unique factors that create an environment where the mediating behavioural constructs will be favourably influenced towards a performing IJV where the IJV was formed with the objective of meeting indigenisation legislative compliance?

3.2.3 Research Question 3

Christoffersen (2013) proposed a model of antecedent relationships based on a variety of cross sectional studies but he does not indicate if the relationships or the importance of them, change over time.

Question 3: Are the behavioural antecedents of *trust*, *commitment*, *conflict*, and *co-operation* dynamic and how are they influenced by the life stage of an IJV?

Chapter 4: Research Methodology

4.1 Introduction

This section explains the research methodology employed to support the propositions from chapter 3 and illustrates why it was deemed fit for purpose for the research done. The research was conducted in the form of a case study with a single IJV that has gone through four life stages in eight years and has reached a point of reconsideration for life extension. A deductive approach has been applied to test existing theory in a real life scenario. The data was collected through a combination of interviews and company documentation. Semi-structured interviews with board members and key management from the two parent companies of the IJV were held and produced the bulk of the data for analysis. Further data was collected from both company documents and information from the public domain for mainly triangulation purposes.

4.2 Research Design

4.2.1 Research Philosophy

The research philosophy that applied to the gathering of data is based on positivism. Myers (2013) argued that it is important to know what underlying assumptions we use to validate our research methodology. He discussed three underlying philosophical assumptions, namely, positivist, interpretive and critical. Positivism is the dominant form of research used in most business and management disciplines (Myers, 2013). The research looked at the relationships between already structured academic variables from literature and considering that positivism is rooted in cause and effect (Saunders & Lewis, 2012), it suits the type of research well. The case study is considered through current theoretical frameworks. The positivism philosophical assumption assumed that reality is objectively given and can be described by independent measurable properties, which is independent from the observer (Myers, 2013). Through the process of acquiring data from a variety of respondents that are professionals in the management and governance processes of corporate businesses, including IJV's, an objective set of data was built.

4.2.2 Type of Study

As indicated by Gomes, Barnes and Mahmood (2014), although extensive work has been done on data analysis between a verity of variables and their relation to the performance of IJV's, these measures are mostly done as cross sectional studies, through surveys. In their review of research done over 22 years in the field of strategic

alliances, they found that the study on antecedents of international strategic alliance performance makes out 11% of the thematic areas of strategic alliance-related articles published in top management journals, with a still growing interest. They mentioned the review done by Christoffersen in 2013 on antecedents and report a lack of case studies to get a deeper understanding (Gomes et al., 2014). Longitudinal case studies can highlight changes in variables in time. For instance the study done on Hungarian joint ventures by Danis & Parkhe (2002) assisted them to understand not only the cultural shift that took place but they were also able to identify four different scenarios of values, practices and systems that were adopted by these newly created alliances. Nippa et al. (2007) found in their review on success factors for the management of JV's, how success factors can gain or lose relevance. They emphasise the value of longitudinal studies to identify these changes.

A qualitative approach with a single case study was followed in this research, to test the current theoretical models in practice and within the context of emerging countries and where it is influenced by indigenisation legislation. Qualitative research methodologies are superior in helping researchers understand the social and cultural context in which people live. One of the key benefits of qualitative research is the understanding of the context in which decisions and actions take place. The best way to understand the context is by talking to people (Myers, 2013). To acquire an understanding of how the theory applies within the context, the data collection was designed to hinge around interviews with management.

The study followed a deductive approach as research questions were developed from existing theory. The theoretical literature review formed the basis for developing the structure of the interview guideline. A priori model in the form of *Christoffersen's framework* illustrated in figure 2-3 played a key part in the development of the interview research questions and the codebook that was developed for data analysis. To enhance the interview data, documentation was also gathered based on the theory and the questions posed. Triangulation of data creates a fuller picture of what is happening in an environment (Myers, 2013).

A case study approach was followed to investigate the relevancy of the existing theory in a physical context of a real life business environment. According to Myers (2013) definition, a case study in business uses empirical evidence from one or more organisations, where an attempt is made to study the subject matter in context. He distinguishes between teaching and research case studies. Research case studies are

aimed at researchers in an attempt to contribute to existing theory where the findings are published as a research article in a journal, conference or book. The teaching case study gets published on its own and is primarily of aim to illustrate theory to students (Myers, 2013). Eisenhardt and Graebner (2007) indicated that case studies are useful to either test theory, develop causal explanations, or to compare theories where large bodies of theories exist. This case study was used to test as well as attempt to find causal explanations.

The choice of a single case study versus a multiple case study is a trade-off between rich empirical evidence and well-grounded theory (Eisenhardt & Graebner, 2007). A single case study was chosen for the purpose of this project, to achieve the richness that a longitudinal study requires. The compromise between a single and multiple case study was also a result of what is achievable within the constraints of time, access and resources. The purpose of the research was mostly focussed on finding answers to the why, what and how. Case study research lends itself well to this need (Saunders & Lewis, 2012).

4.3 Research Scope

4.3.1 Universe of Population

The population for this research compromised all IJV's in the indigenous environment of South Africa, as per the definition in chapter 2. Although the applied model utilised refers to International strategic alliances, it is relevant to be applied to IJV's as IJV's are a form of strategic alliance.

4.3.2 Unit of Analysis

The Unit of analysis was the single mining operation that is identified as Jointco for the purpose anonymising the JV's identity. Jointco is an international joint venture that was established between two major mining companies in South Africa. The particular IJV is considered a very suitable sample for the research because it has gone through four life stages from contract initiation, through different production phases, to where a need for recapitalisation has brought the parent companies to a crossroad where the extension of the life of the IJV is at stake. These parent companies will be referred to as Parent 1 and Parent 2. Parent 1 is a large multi-commodity MNE with their headquarters outside South Africa, while Parent 2 is a local company focussed mainly on a single commodity with majority black shareholding. The IJV is based on a 50/50 shareholding and is managed by a board with equal representation. The IJV produces its commodity to the two shareholders that compete in the same local and international market. The JV came

into existence due to the requirements that applied to Parent 1. Parent 1 had to comply with the Mining Charter requirements that were implemented under the South African Minerals and Petroleum Resources Development Act (MPRDA) of 2002.

4.3.3 Time Dimension

For the purpose of this investigation, the research was set up in a way that data could be gathered to represent changes over the life stages of the IJV. Although the research is not conducted in the nature of a longitudinal study because data collection could not happen over time, the feedback from respondents of different life stages added to the depth of data gathered.

The case study was investigated over four distinct stages of the IJV's lifecycle over a period of approximately nine years. Table 4-1 illustrates the four life stages, the milestones that initiated them and the characteristics of each life stage. The case study explored the avenues available for the IJV to extend its life cycle. Table 4-1 illustrates the different characteristics of the life stages of the IJV as developed and confirmed with respondents.

4.3.3.1 Stage 1: Parent 1 Initiates, Manages and Controls (2006 to June 2009)

This stage marked a period of three years after the establishment of the agreement in 2006, before Parent 2 made their capital contribution due to a delay in the overall project of mergers and acquisitions that enabled the transaction. Parent 1 initiated, designed and constructed the production facility. During this period, Parent 1 funded the operation and largely and entirely managed and controlled it. All shared services were supplied from Parent 1. The full complement of middle and top management was seconded from Parent 1. The operation was in a phase of ramping up on production. The IJV was set up to be managed by the seconded management from the parent companies whilst the rest of the workforce had their employment agreement with the IJV.

4.3.3.2 Stage 2: Parent 2 Involvement (June 2009 to Nov 2011)

This 2 year stage was marked by the payment of Parent 2's 50% capital contribution to the empowerment parent company, in June 2009. Not much changed during this phase except that Parent 2 started to become more involved in the governance of the project and the placement on two seconded management personnel.

Table 4.1: The Four Life Stages of the IJV

	STAGE 1	STAGE 2	STAGE 3	STAGE 4
	Parent 1 initiates and builds the operation	Parent 2 becomes moderately involved	Parent 2 more actively involved	Life extension crossroad
YEAR	2006-2008	2009-2010	2011-2014	2015
Key Milestone	<ul style="list-style-type: none"> • IJV agreement signed • Parent 1 constructs operation 	<ul style="list-style-type: none"> • Parent 2 pays their 50% share 	<ul style="list-style-type: none"> • Parent 2 general manger appointed • Governance framework developed 	<ul style="list-style-type: none"> • Recapitalisation funding required in challenging economic environment
General Manager Secondment	Parent 1	Parent 1	Parent 2	Parent 2
Management and Control (Parent 1:Parent 2)	100 : 0	90 : 10	60 : 40	60 : 40
Central Services Participation (Parent 1:Parent 2)	100 : 0	100:0	80:20	80:20
Management Secondment Representation (Parent 1:Parent 2)	100 : 0	95 : 5	80 : 20	70 : 30
Production (% of Capacity)	30%	100%	100%	80%

4.3.3.3 Stage 3: Parent 2 Involvement, Growth (Nov 2011 to Nov 2014)

A general manager from Parent 2 was appointed in this stage and the seconded personnel from Parent 2 were increased to about 20% although this still fell short of the intended 50%. An operating model and governance blue print document was developed which assisted senior management in respect of the operations of the company and matters pertaining to the corporate governance. It was also used to clarify aspects of the original shareholders agreement. Support service level agreements were formalised while Parent 2 started providing about 20% of the services.

4.3.3.4 Stage 4: Recapitalisation (Nov 2015 to Present)

The current period is characterised by a tapering down in production as the current resource nears the end of its life cycle. A major expansion project that requires

substantial capital investments is a possibility. The current economic environment places huge pressure on the availability of capital on both sides and forces both shareholders to reconsider their positions well. The general manager position also changed back to a Parent 1 seconded employee.

4.4 Data Collection

The primary source of data was semi-structured interviews with current and previous board members and operations managers that have been exposed to board meetings. The aim was to use primarily subjective measures and therefore the interviews. A request letter for accessing the data had to be compiled for both shareholders and a confidentiality agreement was signed. This involved gaining permission from the IJV board members that also represented the two parent companies. All the relevant information was submitted to the ethical committee as part of the ethical approval process. The interviews were set up in a way that the four core-constructs formed the basis of the interview questions.

The candidates were chosen based with purposive sampling. A list was drawn up and the candidates were contacted individually, by email or by phone. Potential candidates were contacted well in advance and arrangements had to be made to fit into tight schedules. Once a positive response was acquired respondents were sent a standard letter via e-mail that was drawn up to introduce the respondent to the content of the interview and to put the respondents at ease. The respondents were assured that all processes were followed and that confidentiality agreements had been put in place. They were also assured of their own anonymity. After the respondents had confirmed willingness to take part in the process, a meeting was scheduled and both the life stage model and consent letter were e-mailed to the respondents. In all cases but one the respondents had read the model before the interview.

All interviews were recorded by means of two audio recorders. The interview was kicked off with an offline introduction and a quick check on the life stage model. The consent form was discussed before the recording started. In two of the cases respondents offered some additional information by e-mail.

The interviews were recorded and transcribed for analysis purposes. Two interviews were conducted in Afrikaans because the respondents were more comfortable in their first language. These interviews were translated into English to assist with the coding and analysis process. Respondents were chosen on the basis that all life stages could

be covered by at least two respondents with personal experiences of the stage in question. Almost all respondents were interviewed in their normal working environment.

The interview structure was cautiously set up in a specific sequence, with a combination of open and closed questions. See Appendix A for a clear explanation of how the interview framework was built to ensure that respondent's inputs were not pre-empted. The respondents were led from open-ended questions regarding their own views on constructs, to questions that mentioned the core constructs from the literature. This approach allowed for testing of the model in two ways. Firstly an indication of the relevancy and prominence of theoretical constructs could be considered on the basis of whether it was brought up spontaneously by respondents, and secondly, by prompting the respondents for a view on a construct from the literature which was not mentioned by the respondent, a sure way of getting a view on all the constructs was established.

The interviews were structured with a view to answering the research questions. Each question was cautiously chosen to ensure that respondents could discuss the areas of importance for answering the research questions. Probing of questions within the framework was done where it was found applicable and to enhance the richness of the answer, but care was again taken not to lead respondents towards constructs. .

The interview was divided into two main sections and with a concluding question. Table 4-2 provides a broad overview of the structure of the interview questions. Further detail is covered in the Interview guideline in Appendix A.

Table 4.2: Summary of Interview Schedule in Relation to Research Questions

Research Question	Interview Question no.	Issues Covered to Address Research Questions
Establishing the base and context	1,2 , 3 and 4	<ul style="list-style-type: none"> Reason for IJV existence Uniqueness as IJV What is perceived as success for the IJV How is success rated
1	5 and 6	Questions regarding Antecedents to performance <ul style="list-style-type: none"> What is considered as key constructs for success and How are the role of constructs from literature perceived What is the relationships between constructs?
2	1,2,5,6 and 7	Questions combining all aspect to review the dynamics in context.
3	7	How are the constructs influenced over time
All	8 and 9	Two questions to allow for clarity and general inputs.

The initial questions covered the context of the joint venture and established the reason for the existence of the JV. The respondents were asked what made the IJV unique and what they considered successful as well as determining their perceptions of the performance of the IJV. The respondent was asked to rate the performance on a scale of one to five. This information was later used to determine if the JV could be considered as a successful IJV or not.

The second section investigated the factors that influence performance of the IJV. The questions around constructs of performance were asked in a specific sequence. Firstly open ended questions were asked to get the respondents view on what is considered important, the four major constructs from the literature were then probed and a response on them requested. All the constructs were tested with the respondents to establish their views of how they were impacted through the life stages or by milestones.

A pre-test/pilot interview was conducted with a willing respondent that qualified within the set criteria. With the feedback from the pre-test, slight adjustments were made to the interview structure and the life stage model that was used as reference during the interviews, was developed to be more illustrative. The data collected from the pre-test interview was evaluated and included in the research data due to the fact that the respondent was one of the pre-selected candidates and that the nature of the changes did not influence the dataset in any way that could be identified.

A transcription service was utilised for transcribing the audio recordings. Although the quality of the transcribing service was acceptable, a few changes had to be made on terminologies and names that were not recognisable. The transcriptions were anonymised before they were imported into Atlas Ti.

Additional data was collected from business documents, including the original JV agreement, the IJV Governance framework blueprint, management reports, staff numbers and management reports. Documents that were available in the public domain included financial reports from the parent companies, commodity pricing data and information regarding the original empowerment transaction that initiated the creation of the JV. These documents included reports for approval of the transaction by the Anti-competition tribunal and Government gazette publications on the transaction. The documents were utilised to build up background information about the joint venture for the development of the life stage model. The documents were further used for triangulation of the data. Dates of important milestones were confirmed, the nature of the JV agreement were correlated with reports from the Anti competition tribunal, and

records were kept of the contextual environmental information that could enrich the data during the data gathering and analysis processes... The documents are not referenced directly to comply with the anonymisation requirements from the confidentiality agreement.

Table 4.3 List of Documentation Acquired for Reference

Document Pseudonym*		Purpose of the Data
1	IJV agreement	Confirmation of establishment information
2	IJV Governance framework blueprint	Confirmation of the level of governance framework process and establishment of milestones
3	Operational management report	Confirmation of performance
4	Staff numbers report	Establishment of parent representation ratios
5	Parent Company public financial reports 2005 to 2014	Confirmation of historical relationship and confirmation of capital investment date by Parent 2
6	Anti-Competition tribunal report on BBEEE transaction	Confirmation of the inclusion of BBEEE as a requirement into the larger merger transaction that initiated the IJV.

*Documents have been re-named to protect the identities of the companies and individual's interviewed

4.4.1.1 Sampling Technique

Purposive sampling was applied and is a technique that applies to the selection of small samples for qualitative research purposes, where the researcher uses his own judgement to actively choose the candidates for the interview (Saunders & Lewis, 2012 pg. 138). The sampling method was chosen because the type of information that was required is of a specialist nature and is available only from a small group of individuals who have intimate knowledge of the case. Only Board Directors, General Managers and other candidates with personal experience of Board Meetings were interviewed. The respondents were chosen in a way that ensured that perspectives were representative of both parent companies, but also that the complete lifespan of the IJV was covered. Table 4.4 illustrates the details of the respondents that were interviewed. The names of the persons are not disclosed as per the confidentiality agreement.

Table 4.4 List of Respondents

RESPONDANT	PARENT	STAGES OF INVOLVEMENT	CAPACITY OF INVOLVEMENT
R1MAN-P1	Parent 2	Stage 3 to 4	Manager
R2MD-P2	Parent 1	Stage 2 to 4	Managing Director
R3MAN-P2	Parent 1	Stage 3 to 4	Manager
R4GM-P2	Parent 2	Stage 3to 4	General Manager
R5MD-P2	Parent 2	Stage 1 to 3	Managing Director
R6MD- P2	Parent 2	Stage 2 to 3	Manging Director
R7GM-P2	Parent 1	Stage 1 to 2 and 4	General Manager
R8MD –P2	Parent 2	Stage 4	Managing Director
R9MD-P2	Parent 2	Stage 4	Managing Director
R10MD-P1	Parent 1	Stage 3 to 4	Manging Director
R11GM-P1	Parent 1	Stage 1to 2	General Manager
R12MAN-P1	Parent 1	Stage 3 to 4	Manager

4.4.1.2 Sample Size

The sample size was a total of 12 interviews as illustrated in Table 4.4 with six candidates from each parent company to ensure both a balanced view and to get sufficient saturation. The bulk of the interviews lasted an hour with a few running slightly over and the shortest came to 30 minutes.

4.4.2 Data Analysis

Data analysis was done by Atlas Ti data analysis software. Codes were developed based on a deductive approach to the literature review and the research questions. File names were coded to include identifiers on the respondent numbers, parent company and position. Families were created based on the *priori* model of Christoffersen on the antecedents of international strategic alliances. The framework from Christoffersen is referred to as *Christoffersen's framework* for the purpose of this study. A first round of coding was done and the codebook was found to be too granular. It was then revised by deleting some codes and merging others. A second round of coding was done and the codebook was further developed through *in vivo* coding as new constructs emerged

(Miles, Huberman, & Saldana, 2014, p. 74). Code families were created or the different questions and constructs that emerged from the interviews were identified by asterisks. Constructs that emerged from answers were co-coded with reference to respondents to enable later identification. The codebook that summarise the codes per code family is presented in Appendix C.

4.4.3 Limitations

The following limitations of the research were observed:

- The single case study is not representative of the entire population, but according to Saunders and Lewis (2012), the aim of a research study is not to produce a theory that is generalisable to the entire population but to try and explain on a high level what some of the key factors are that can influence the IJV in a certain environment.
- Although the IJV met the requirements as set out in the definition, the fact that both the parent companies had been involved in South Africa for many years might have influenced the data.
- .Considering that the interviews covered a period of eight years respondents could also have been exposed to a recall bias.
- The artificiality of the interview might have influenced the data, according to Meyers (2013, p125) the time pressure under which respondents have to create opinions can have an effect.

Chapter 5: Findings and Results

This chapter presents the data that was collected and analysed based on the research methodology presented in chapter 4 and pertaining to the research questions presented in chapter 3. The data from the single case study was collected through a systematic approach that was inherently qualitative based inquiry, through in-depth interviews and documents collected from the IJV where applicable. A copy of the interview guide is attached in Appendix A.

The data was collected over approximately 12 hours of interviews, with 12 candidates from two companies. Audio recordings of the interviews were transcribed into transcriptions containing a total of 69338 words. A codebook of 164 codes, 45 Code families and 6 super codes was developed. A total of 50 hours was spend in the preparation and coding of data and about 20 hours analysing of the data. The amount of time spent to get acquainted with the software has not been included above.

The relevant IJV that formed the subject of the research proved to be quite suitable, based on the fact that the entity had gone full circle through four life stages and back to a crossroads of recapitalisation or closure. This fact was exploited by making sure that various respondents with experience from all the life stages were interviewed to provide insights into the dynamics over time. The four life stages were illustrated in Table 4.1. The life stage model is the result of extensive research and review of various documentation supplied by the IJV and in the press.

5.1 Demographics of Respondents

From the literature review it was found that the decision making in an IJV occurs on an executive management level. Only respondents with sufficient experience in strategic management, and personal knowledge regarding JV management, were included in the study. Most of these respondents had in excess of 20 years' service in the mining industry and some had been exposed to additional IJV's. Data are sourced primarily from interview respondents as set out in Table 4.4, while Table 5.1 outlines more information on the experiences of the respondents. The documentation that was mostly used for triangulation purposes is set out in Table 4.3.

There were 12 respondents from which data was gathered, six from each parent company. This ensured an evenly spread representation from both parent companies. Considering that the case study observed the JV over an eight year period, care was taken to ensure that all of the life stages were represented by at least three respondents

who had personal experience in the related stage. The spread of the respondents' representation in the different life stages is illustrated in Table 4.4.

Respondent's anonymity as well as the IJV and the Parent companies' were maintained throughout, and this assisted with respondent openness during the interviews. Interview data was collected through personal interviews at the respondents' place of work.

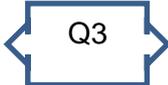
Table 5.1 Respondent Information – Position and Experience

Respondent ID	Position and Experience	Years of Experience
R1MAN-P1	Manager of business improvement and heads the Business Improvement Service level Agreement with Jointco	15
R2MD-P2	Chairman of the Jointco board and sponsor of the life extension project. Head of a regional division consisting of various operations, including other IJV's.	30+
R3MAN-P2	Financial Manager with three years of experience on Jointco board. Member of the audit committee	15+
R4GM-P2	Acting regional manager and Director of the Jointco Board. Programme manager for a current acquisition project. Previously appointed as general manager of Jointco for three years	25
R5MD-P2	Current general manager of large mining complex. Previously Director of the Board for five years through stage one to three.	33
R6MD- P2	General manager of a large mining operation. Previously Director and Chairman of the Jointco Board.	28
R7GM-P2	Current general manager of the Jointco operation. Previously project manager of the Jointco project and general manager at a mining operation	25
R8MD –P2	Head of strategic investment for Parent 2. Previously chief financial officer for Parent 2 new business. Previous Director of Jointco Board and involved in the initial negotiations	30+
R9MD-P2	Head of marketing for Parent 1.	20+
R10MD-P1	Divisional head of finance South Africa. Also on the audit committee for Jointco	15+
R11GM-P1	Current divisional head South Africa. Previously general manager of Jointco for four years during establishment and start-up	20 +
R12MAN-P1	Currently head of the life extension project.	15+

5.2 Data Findings and Research Question Alignment

Data results are presented in a sequence that addresses both the themes which emerged from the interview data analysis through the lens of Robson's model and the research questions. True to the title of the study, to consider constructs in relation to the performance of IJV's, the results start with a discussion on the theme of performance within the case study organisation. How the data findings relate to the research questions is presented in Table 5.2.

Table 5.2 Data Results Presentation and Research Question Alignment

Theme	Question 1. Relevance of behavioural antecedents in a indigenisation environment	Question 2 Factors that influence behavioural antecedents positively in an indigenisation environment	Question 3 The variability of behavioural antecedents.
Performance of Jointco	 INTRODUCTORY		
Overall results through the lens of Robsons' framework	 INTRODUCTORY		
Behavioural elements	 Q1	 Q2	
Time dimension			 Q3

5.2.1 Respondent Identification Convention

Verbatim quotations from the interviews are displayed in table format with the respondent identified as per the following convention.

- Respondent number: Rx (1 to 12)
- Position: managing director (MD), Manager (MAN) or General manager (GM)
- Parent representing: P1 (Parent 1) and P2 (Parent 2)

5.3 Setting the Scene – Jointco's Performance

For the purpose of answering the research questions that address the influence of constructs to performance, it was firstly considered important to establish the success of

Jointco. After the respondent's view on measures of performance were established, a rating of the actual performance was acquired. Respondents were asked to give a rating on a five point Likert scale as illustrated in Table 5.3. Management satisfaction as a subjective measure is generally accepted as a reliable source of performance measurement of IJV's in literature (Christoffersen, 2013; Geringer & Hebert, 1991) .

Table 5.3 Five Point Likert Scale to Rate Performance Success of the IJV

Rating	1	2	3	4	5
Rating Description	Failure	Unsatisfactory	Acceptable	Above expectation	Excellent

The results of the rating by respondents are set out in Table 5.4. All respondents rated the IJV above acceptable. Overall, the ratings from Parent 1 are higher, with no score below four (above expectation), while Parent 2 received only two scores of four and the rest on 3,5 (between acceptable and above expectation).

Table 5.4 IJV Success Rating by Interview Respondents

PARENT 1		PARENT 2		OVERALL
RESPONDENT	RATING (1-5)	RESPONDENT	RATING (1-5)	
2	4,5	1	4	
3	4	4	3,5	
9	4	5	4	
10	4	6	3,5	
11	4	7	3,5	
12	5	8	3,5	
<u>AVG</u>	<u>4,25</u>		<u>3,6</u>	<u>4</u>

Although the rating in Table 5.4 indicates that there is overall agreement that Jointco is successful, there is a slight difference in the rating between the two parents. Parent 1 almost consistently rated higher than Parent 2.

Respondent	Verbatim Response
R2MD-P1	“As an investment, as a project, as a relationship building exercise 4½. Return on investment, return on capital... it ticks all the safety... I mean 4½ is the lowest I will go.”
R10MD-P1	“So in terms of the joint venture the operation as a joint venture, I would give it a four out of five and you know I think Parent 2 and Parent 1 have done a good job at working together. You know, and I think that is building on a fantastic legacy, you know I think that is good.”

Parent 2, although also satisfied with the performance was more critical about some factors, but it can also be an indication that Parent 2 just measured more strictly than Parent 1 in general.

R6MD-P2	“I think as a JV I would rate it three, three and slightly above a three. You know it is doing what was expected but I do know there is more value that one can unlock in terms of that so that is where I will pitch it. It is not above expectation, I think there is...to close that gap between acceptable and above expectation, there is some more work to be done.”
R4GM-P2	“Well I rate quite strictly, I would definitely give it more than three but a little bit less than four, between three and four. Yes about three and a half.”

5.4 Emerging Results through Robsons’ Framework Lens

Are the four behavioural antecedents identified in *Christoffersen’s framework*, relevant as mediating constructs to performance in an IJV that was founded due to legislative reasons within an indigenisation environment, and what unique aspects impact on them in this environment?

For the purpose of answering research question 1 on the relevance of behavioural (relational) constructs towards performance in the setting of the case of Jointco, the interview questions were set up with caution to not influence the respondent any way. The scene was firstly set by establishing the reason for the existence and uniqueness of the IJV. The respondent’s view on measures of performance were then established and a view on the actual performance given.

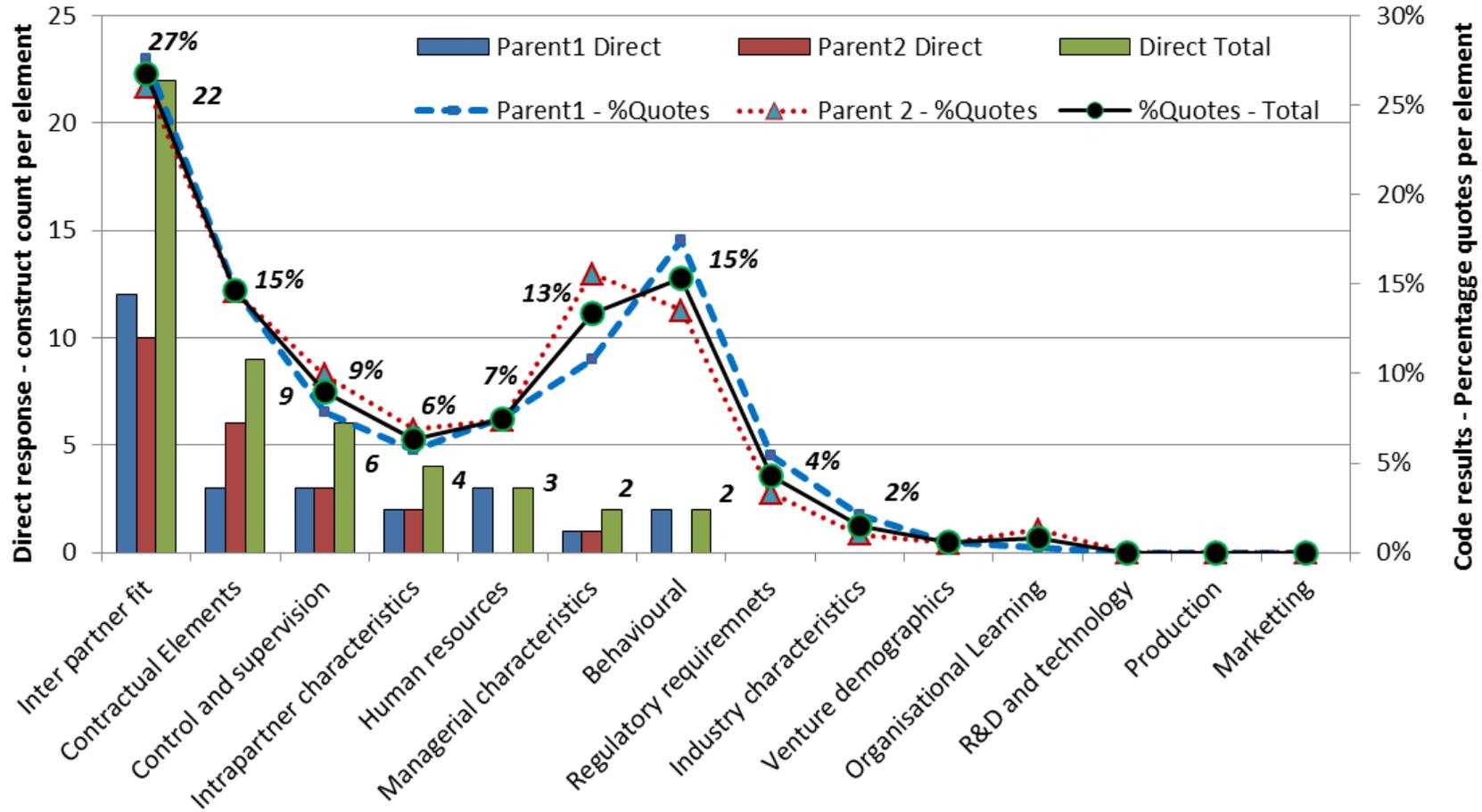
5.4.1 Results

The respondents' replies on the constructs for success yielded between two and six different factors per interview, with a total of 48 responses and with a large amount of overlap. The final number of constructs identified came to 17, with different rates of overlap. These factors were coded and linked to Robson's element family. Appendix D provides a list of the factors offered per Robson's element family and per Parent company.

In consideration that the research is testing the model of Christoffersen (2013), as illustrated in figure 2-3, on the *antecedents of performance of international strategic alliances*, the 13 constructs from the model were coded into Atlas Ti. To allow the antecedents to be considered in a larger framework the 14 element's from the *organising framework of factors influencing IJV performance* as published by Robson et al. (2002), and illustrated in Figure 2-2. were applied to develop code families in Atlas Ti. Robson's comprehensive framework of factors that influence performance of IJV's are referred to as *Robson's framework*. Family codes from the fourteen elements that make up the four construct types *Background, Antecedent, Core, Environment* and *IJV performance* have been created. The *Robson framework* was not coded to a construct level but during analysis all codes were relayed back to the 14 framework elements from *Robson*. All the codes from *Christoffersen's framework* as well as from prominent review articles from peer reviewed Journals that were referenced by both Christoffersen (2013) and Gomes et al. (2014) were built deductively for the sake of alignment with literature. Further *in vivo* coding was done in an inductive manner to allow for inputs from respondents. The *in vivo* coding from the respondents were grouped within the code families from the *Robson framework* element code families.

Two sets of results were generated from the Atlas Ti analysis. Firstly only the responses of interview question 5, an open ended request to mention the constructs which the respondent considers critical for IJV performance, were analysed. Secondly the complete dataset of coding was considered to get an overall picture of the data. Figure 5-1 illustrates the difference between the two sets of results from the data. This data forms the basis for the presentation of the results.

Figure 5-1 Robson Framework Elements Representation per Parent



5.4.2 Overall Graph Results

Primary Scale –Direct Response – Constructs Count per Element.

The results on the question to mention the critical construct is plotted against the primary axis and is a count of the constructs that were identified by the respondents. Only seven of *Robson's framework* elements were represented by the constructs identified by the respondents. Inter partner fit *and* Contractual each received 22 and nine hits respectively while behavioural *and* managerial characteristics each received only two hits. The two parent companies correlate well on most elements from the direct responses and the only substantial difference was in how Parent 2 mentioned contractual element *more*, with six hits in comparison with only three from Parent 1. The other differences were in the lower ranked elements and could not be considered significant due to low numbers.

Secondary Axis- Coding Results – Percentage Quotes per Element

The results illustrated on the secondary axis indicate the percentage of quotes that represented a coded element from *Robson's framework*. Four elements had more than a 12% representation with the highest two as Interpartner fit *and* Behavioural which each received a 27% and 15% representation. Contractual elements and Managerial characteristic elements were 15% and 13% represented in the codes. Only two other elements were represented more than 5% and they were *Control and supervision* at 9% and *Human Resources* at 7%.

Preliminary Results Comparison

From Figure 5-1 a clear difference between the two sets of results can be observed. The two element's, managerial characteristics and behaviour, were obtained with very little emphasis during the individually presented constructs on the direct question. However, they received a prominent amount of attention during the overall discussion. Respondents mentioned a total of 48 inputs, with various factors that were repeated numerous times. The responses deliver a total of 17 factors. The breakdown of the elements per respondent reveal that although respondents did not directly mention the behavioural constructs when asked, it forms a large part of the discussion about factors that influence the performance of Jointco.

The four most prominent elements mentioned that received more than 10% of the attention based on coded quotes was interpartner fit, behavioural, contractual elements, *and* managerial characteristics.

5.4.3 Behavioural

The behavioural element consisted of four constructs in line with *Christoffersen's framework*. These four are *commitment*, *trust*, *co-operation* and *conflict*. Table 5.5 illustrates the number of times the constructs were used. The table is adjusted to only reflect the quotations that do not co-occur with the code of interview question Q7, which induced the discussion of the construct. The total number of mentions for these constructs were much more. The approach aligns with that of Figure 5-1.

Table 5.5 Behavioural Element-Number of Quotes per Parent per Construct

	Parent 1	Parent 2	TOTALS:	% of Total
Commitment	14	15	29	27%
Conflict	22	8	30	28%
Co-operation	14	17	31	29%
Trust	6	10	16	15%
TOTALS:	56	50	106	

Considering the small number of codes in the behavioural category and the large number of quotes linked to them, the behavioural category formed quite a large proportion of the interview discussion. The category featured prominently with both Parents. There was a relatively good correlation between the coverage that the two Parents gave the different constructs, with the exception of *conflict*, where Parent 2 made much less mention thereof.

5.4.3.1 Commitment

Commitment has been discussed on different levels. The first issue was regarding the *commitment* to be a part of the project and to be in it for the long run. It was voiced from various parties that both Parents were committed for the long run, but the link between the *commitment* and the value of the project was clearly stated. The expectations were that even in an environment where two competing Parent companies had to share the entity, the business base was perceived to be positive and the Parents expected to gain some private benefits.

Respondent	Quote
Code Relating code	

R11GM-P1 Commitment Business case	“I think the commitment has always been there. From both parties. Ja, the commitment has always been there. Because I think the value of the project, the value of the project was appreciated by both parties.”
R10MD-P1 Commitment Long term	“Ja, there is no doubt in my mind that both parties, Parent 2 and Parent 1 are in Jointco because they want to actually be in it for the long term. Yeah I mean there is no doubt in my mind.”

The fact that it was an empowerment deal and that Parent 1 committed to a 50/50 transaction that was not the norm at the time, was mentioned. The other aspect that was mentioned in co-occurrence was the hope of Parent 2 to get some access to government influence and other key institutions. The willingness to engage in a process that complies with the South African Broad-Based Black Economic Empowerment Legislation was expressed. It was clearly expressed that a 50/50 IJV would not be the norm and if the company had a choice they would prefer to pursue the venture on their own.

R2MD-P2 Commitment Indigenisation	“But at the time, and I actually I don’t have much deep insight into this but remember ... (anonymised) very clearly saying they wanted 50:50 because they wanted a real joint venture and they really wanted to put their money where their mouth was as far as empowering the place.”
R2MD-P2 Commitment Indigenisation Private benefit	“That is just the way the politics has sort of moved on. The fact is we would have thought or hoped that Parent 2 would have had more clout with Customer X, more clout with the Department of Mineral Resources, more clout with the Government. That is half the sort of point.”

The second aspect that **was** addressed was about the views from some Parent 1 individuals, that Parent 2 lacked *commitment* in committing resources in the form of initial capital and supplying human resources. From the language that was used and the way the respondents expressed themselves, it was clear that it was an important aspect. The respondents indicated that the *commitment* from Parent 2 was appreciated and that it would assist in the success of the company. The lack of engagement by Parent 2 was expressed as a disappointment by Parent 1.

R2 MD-P2 Commitment Lack of resources	“As I said earlier maybe it is a bit of a shyness to come forward with some resources in the sense of expertise. And again I think you missed the odd one when we have had opportunities to put a Parent 2 person but ended up taking a Parent 1 person because he is the best person or some shit like this. We’ve made excuses to ourselves. You know, best person for the job. It is actually a cop out. We could have actually put a Parent 2 guy in there and developed them.”
R2MD-P2 Commitment Lack of resources	“I have always also had the impression that Parent 2 is quite busy with its own stuff, its other stuff and it’s quite preoccupied. They have been going through restructures and lots has been going on at Parent 2. Many times I used to think, well we would have even been happy with more intervention and more assistance and views than what we had. It wasn’t because we didn’t want it, it was because you guys were preoccupied with other stuff. So maybe that is a bit of a missed opportunity from Parent 2’s point.”
R3MAN-P2 Commitment Lack of funding	“This is probably detail, but the fact that Parent 2 paid up after a while, kind of the funding should be set up for this, this JV, which later on could sour relations if things don’t go the right way. So you should have funding in place, agreements.”

On the other hand another Parent 1 one respondent, linked the lack of Parent 1 engagement and resources provision to the dominance and the misalignment in the initial JV agreement.

R11GM-P1 Commitment Dominant control Indigenisation	“I think the commitment has always been there No that was not about commitment it is what I explained it had a background because those agreements as I said were biased towards Parent 1. Those agreements were biased towards Parent 1 that Parent 1 will supply the services; Parent 1 will supply everything you see.”
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From the side of Parent 1 one it was expressed that it was initially difficult to get involved into the project and that they had to drive hard to get their foot in the door.

R5MD-P2 Commitment Size dissimilarity	I think the commitment from Parent2's side on the sla's was very high, I think we struggled to get into the system. Obviously Jointco had an established system coming from the Parent1 field. Remember we also were part of the Parent1 group at a certain point in time, we know they've got good systems. So most probably and it comes back to the trust thing that we needed to start small to maybe find our footing to build that confidence, to build that trust
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Despite some views of *commitment* from Parent 1 from both sides, there was also the *conflict* within Parent 2 internally to get the *commitment* to become more involved. One managing director who served on the board during stage 2 to stage 3 explained how he struggled to get the support on his side. Parent 2 seems also to have taken a passive role in some sense and the few representatives from parent 2 struggled to get support from their own company in the early stages.

R6MD-P2 Commitment Lack of engagement	"So that's also been kicked around, that just tells you the value that the guys see in the operation. Having said that, sometimes if you look at the whole management of the JV it was a hell of a force to get the Parent 2 guys committed and involved in terms of the JV. So at the one hand they say this they see a lot of value in there and on the other hand you need to force them to try to assist in managing this whole JV."
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Feedback on the recent level of *commitment* from Parent 2 is more positive, with some service level agreements that are in place with Parent 2 supplying the central services and also an increasing number of Parent 2 seconded management representation. The reality that was brought up by the respondents is the issue on what the business case for the life extension project looks like, and the impact that it has on further *commitment*. The direct link between *commitment* and a positive business case is illustrated by the current fragile position, where there is also an option to withdraw if the business case is not positive.

R10MD-P1 Commitment Business case &	"Now frankly there are curveballs that can be thrown, if the coal price goes down to forty three then the answer is Lifex are not going to happen, you know if that is the view, and frankly forty three is a bit extreme but you will then have some really tricky conversations
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private benefit	because if you know there is royal commitment on one side and not on the other or whatever then you'll have a totally conflicting view as to the need of the project would be a challenge.”
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5.4.3.2 Conflict

Conflict was discussed extensively and there was a clear indication that there was more *conflict* in stage 2 of Jointco, when the alignment between the two partners was not good due to an unrefined alliance agreement. The empowerment partner had just paid their share of the capital, after an initial delay, and had begun to get more involved. Reference was also made to the shortfall of engagement from the side of Parent 2 in these early stages. Another respondent that experienced the early stages indicated the reason for *conflict* was the dominant control from Parent 1. The respondents were aligned in their perceptions that the *conflict* in the early stages was more negative than in later stages.

R6MD-P2 Conflict Negative Dominant control	“It was a bit of destructive in the first stages, it was a bit of destructive because there was just one way but if you can turn it positive ja.”
R11GM-P1 Strategic alignment Conflict Governance framework	“And I think the comment here which I would have to make around that membership of the board I thing, the people who really knew what the agreements were saying was only myself and the financial manager so in most meetings you would find the two partners will be mudslinging over an issue that they shouldn't be mudslinging over, before a proper background in terms of their agreement was in place”
R7GM-P1 Conflict Levels of conflict	“I think probably in stage 2 there was some negative, I think stage 3 there was definitely a lot more positive, and I think stage 4 for me it will be less than stage 3 in terms of positiveness, but not as negative as the 2 nd . Because I think each one knows what is required but it is tough decisions because you need to fork out some money, so I would sort of put it high, low, medium and then a bit higher again”
R11GM-P1 Conflict	“In stage two the conflict that was there was always the one which I explained and that conflict is the one of the Parent 1 side which had its own expectations, which strictly said we are going to run that thing ourselves and we are not going to be told by anyone and only to realise

Dominant control	that once the other party had put in its money, now there was a challenge.”
R7GM-P1 Conflict Engagement	“If you consider Jointco I think it was....first stage Parent 2 had very little involvement so there was not a lot of conflict. I think the second stage was probably a bit more because they were feeling each other out in terms of how do we now manage this piece. I think when there were ground rules set it then made it a bit easier, and then I think again, similar to where we are now, to say right you have different challenges in Parent 2 and Parent 1 when it comes to growth strategy and I think it will create some conflict again.”
R1MAN-P1 Conflict negative	“...so I think phase 1 and 4 is relatively healthy, but I think in 2 and 3, when it is between shareholders, it can be destructive.”

Respondents in stage three also experienced an increase of *conflict* but it is mostly referred to as constructive *conflict*. Again the respondents referred to alignment but in this case it was not a source of *conflict* but rather an outcome of *conflict*. Currently, *commitment* to a constructive process is perceived.

R2MD-P2 Conflict positive	“Well I think Stage 2 to Stage 3... Stage 3 has been the most... early Stage 3 has been the most conflict, the most tension, but not out of control, constructive management and healthy”
R4GM-P2 Conflict Alignment Positive	“I think there was... we had a lot of conflict. I think there is always a role for conflict but it opens up the horizons a bit and stretches it and I think that is a good thing. I don’t think that you will ever be one hundred percent aligned. What is important of the GM position is to eliminate the noise and see what is important in the role of the GM and for the GM to do.”
R5MD-P2 Conflict challenges Positive	“I honestly think that the conflict that I was exposed to was, it was value added conflict we didn’t sit there and gripe about nothing. Where we had conflict was in terms of beneficiation capacity, in terms of beneficiation processes, et cetera; I think that conflict was aimed at improving the business and it was not aimed at anybody on a personal basis.”

R9MD-P2 Conflict Positive	“Currently... my experience, where we are currently sitting is there is conflict from time to time but it is a JV, it is like marriage. I think it is much more constructive conflict. I think the conflict is fairly constructive and I think we have, I feel comfortable that we have mechanisms to address the conflict and get to a decision. I also think what helps a bit is the fact that the presentation from both JV partners on the management team is necessarily creating a bit more of a balance in that team”
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Considering the *commitments* made to government regarding the 50/5 joint venture, Parent 1 had an obligation to prove that they complied with the initial agreements and they were therefore motivated to collaborate with Partner 2.

R11GM-P1 Conflict Indigenisation	“Now I started mainly with the agreement. I simply say that therefore by virtue of that bias, of the, the bias of the agreement will always be towards the bigger brother in the ...although it is said on paper it is 50/50 now you need to say this was a 50/50 joint venture at that point in time, now we need to develop the protocols which I believe those protocols were never put in place in time at Jointco for the joint venture. The protocols of how do you put this agreement in place and how do you implement it and also how do you make it coincide with what you’ve gone and presented to the government as your ultimate goal. If you say it is a 50/50 joint venture to government, the expectation is that you will be running this thing on a 50/50 basis without anyone almost shouldering the other one out of the bus.”
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Overall a need for *conflict* was expressed and a view that *conflict* can be more positive than negative was crated. The importance of management maturity was expressed as an important means to ensure that *conflict* is managed with a positive outcome. The link between dominant control from Partner 2 and the type of *conflict* is illustrated.

R7GM-P1 Conflict The need for	“I think if the role of conflict, you cannot avoid it, you cannot stick your head in the sand, it is those tough discussions that you need to have and that is important in terms of performance. I think if you don’t have conflict, if you don’t have tough discussions then you are accepting
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	mediocre performance and in this day and age that cannot be accepted.”
R2MD-P2 Conflict The need for	“So I think it... positive conflict, constructive tension... I think there has been negative conflict, I think there has been a bit of it but generally speaking it has been constructive and we’ve managed it and that is because of the maturity and because of values and because of culture. We’ve managed it”.

The role that governance mechanisms and processes played in the management and elimination of *conflict*, was expressed. The view was expressed that it can guide the way *conflict* is handled and it can mitigate *conflict*.

R3MAN-P2 Conflict Governance framework	“I think since the governance blue print was developed, I think conflict is handled in a much better way; it is channelled. So you channel it through the blue print – or you should – and if the blue print doesn’t fix it or give guidance then that is where you need to develop a blue print so that where there are differing views or what is best for the company –it should be covered in the blue print.”
R11GM-P1 Conflict Processes	“I think that challenge was manifested from the budget, when we had the budget which had to be approved, I think that was a 2009 one, and when the budget had to be approved Parent 2 in fact didn't approve the budget and there had to be a lot of behind the scenes work which had to be done. Lessons that came out of that was how we do then streamline this process and this is where we discovered that not all these people know what the agreement is saying.”

5.4.3.3 Co-operation

In total *co-operation* received a similar amount of attention from both Parents. *Co-operation* was been mentioned as linked to the relationship and also with aspects where the JV was independently pursuing activities. *Co-operation* in the current environment was reported to be positive, but it had developed over time. An important observation was made about the role that the legislative requirements played in the willingness to co-operate. The role that the government’s requirements played in ensuring compliance to the various aspects of empowerment were also mentioned. Although this aspect seemed to be of importance it was not brought up by many.

<p>R11GM-P1</p> <p>Strategic alignment</p> <p>Co-operation</p> <p>Indigenisation legislation</p>	<p>“Parent 1 had brought the bulk of everything because the reserves belonged to Parent 1, the initial studies had belonged to Parent 1 that were done and therefore the main part that Parent 2 was expected to be bringing, was to bring just the empowerment aspect. Now when it comes to the empowerment aspect it is that, mostly when it comes to that empowerment aspect it’s a... in some instances people take it just as a tick the box, but my belief is, as you start walking the path and engaging with authorities you start realising that this is not a tick box, this is something that government is going to be monitoring you on, that you are doing, so that is another key metric that we needed to also track that were complying to that empowerment part.”</p>
<p>R2MD-P2</p> <p>Relationship maturity time</p>	<p>“I think we are happy with that. You know there has been... as the project has developed we’ve got more comfortable with each other and we are willing to share.”</p>
<p>R11GM-P1</p> <p>Cooperation Results positive</p>	<p>“I’ve said that co-operation, we had to take everything from both parties and that is how. I think the safety record of that place talks on its own and I think the performance of that place still talks on its own and it is because of the co-operation that happened between the two parties. We pulled it from all sides of the business, we pulled from Parent 2 and we pulled from Parent 1 what was the best that could be done for Jointco.”</p>
<p>R2MD-P2</p> <p>Cooperation Independence 50/50</p> <p>Indigenisation requirements</p>	<p>“We’ve got our own community programmes going. We’ve got our own brand. We’ve got our own marketing effort going over there. We like to think that it is not independently managed and it is not Parent 1 dominated, it is somewhere in between which is a sort of partnership or something like that. Again it goes back to the 50:50.”</p>

The respondents indicated that *co-operation* from one parent gets positively received from the other parent and assists with transparency, but also *commitment* and willingness to share more.

<p>R2MD-P2</p> <p>Engagement Transparency</p>	<p>“And I think the other thing is equal lifting, so who is doing the heavy lifting? Each partner has to play its part there. That is why I am very glad that Parent 2 are now taking the marketing over and things like that. I think it must be seen to be 50:50 in terms of financials, 50:50 in</p>
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	terms of inputs. I think it is important. You've got to get a path to that point. Just an openness and a willingness to share.”
R3MAN-P2 Cooperation Commitment support	“So I think the fact that Parent 2 committed and delivered, kind of looked good in their favour. But since the introduction of some Parent 2 secondees, clearly there has been a lot more cooperation.”

The processes of the IJV can be complex, for instance in many cases approvals need to be sourced from both Parents before progress can be made. The role that *co-operation* can play in evening out these processes to ensure efficiencies were emphasised.

R3MAN-P2 Cooperation Smoothing processes	“At the Lifex stage, I think the cooperation is still good. I think both the shareholders understand what each is going through, what we need to do. There is a lot of governance which makes it very difficult and maybe that is something that the blue print doesn't cover – I think the approvals of this project. But there is co-operation between the two shareholders in getting things approved and timelines set up and agreed.”
R10MD-P1 Cooperation Smoothing processes	“But it is quite hard to say why, it's kind of a, it must be a fundamental principle because if things start becoming dysfunctional it's so easy to stall a process and the reason I raise the amalgamation of the Parent 1 coal business is that there is no doubt that the well is still there but frankly the process gets complicated by virtue that there is another layer of people involved and I know that causes issues frankly. So you can just imagine what the process could be like if you wanted to cause issues and if you didn't want to be co-operative, you can make this thing stalemate within five minutes.”

Another aspect of *co-operation* is the exploitation of synergies that was mentioned and how it can assist with achieving objectives in a better way. Improved *co-operation* allowed the Parents to understand the strengths and weaknesses of the two entities better and enabled the application of stronger skills.

R8MD-P2 Cooperation	“Look I think it was always decent, I think maybe one side it was maybe that, but in very few cases I could think of where we didn't think the other side was capable of doing their work. I think the one issue, if we
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Exploit synergies	<p>could do it over, if I think what Parent 2 could bring to the table, I think Parent 1's technical expertise is very good, I think they may be a bit over the top, I think their sheq [Safety Health Environment and Quality] is excellent; commercially – lo and behold – I think we are more streetwise than Parent 1 is, so some of the contracts in particular the Customer X contract, is a poor contract. And if we had the opportunity to get involved earlier in the process I believe we could have gone a lot better on that one. So in hindsight if you could fix that I think that would be the case.”</p>
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The way in which *co-operation* allowed for the governance framework to be developed only happened in stage 3, but it appeared to have made a big difference. On the other hand the Governance framework improved *co-operation* to a higher level. The fact that it enabled *co-operation* was mentioned from the side of Parent 2.

R9MD-P2 Cooperation Governance framework	<p>“I think what it does enable is the fact that we’ve gone through this journey with the blueprint. The fact that we have this thing that both parties recognise is a 50/50 and in the way we do things. We must do it as if it is a 50/50. Therefore to an extent, it probably enables an environment where you can work on this recapitalisation. It is not a one-sided affair. We both have to really find each other here.”</p>
R6MD-P2 Cooperation Governance blueprint	<p>“I think co-operation stage one, stage two I would say not really. I think it's a... it definitely got better after we pushed this document which I've forwarded to you and also the whole thing about the blueprint creation, the co-operation just started to get better and I think I must mention, managing back into Parent 2 where we used to come from, where Parent 1 did everything. It was a bit of a battle to get the seniors to see that we do need that, we need to co-operate, and you need to work together. You do not only see each other on the board meeting, this is a constant day to day thing.”</p>

5.4.3.4 Trust

Trust had the least quotations linked to it. *Trust* was considered a non-negotiable by some while others considered it to be never 100%. The view was also expressed of the

cost of mistrust. It was mentioned that as *trust* decreases, the cost to put auditing measures in place increases.

<p>R7GM-P1</p> <p>Trust Non negotiable</p> <p>Develop over time</p>	<p>“I think maybe it is just good governance, that the other shareholder would appoint the GM – so Parent 1 would appoint the Parent 2 GM. Parent 2 would appoint a Parent 1 FM and go through the processes and select the best candidate. I think that is also very good. But absolutely you need trust. Going through the stages, the trust is also possibly developed as time goes on. As I mentioned earlier, I think when the SLAs were transferred to Parent 2 there was a bit of a trust issue of whether this was right or wrong, will Parent 2 be able to perform and deliver on what we need on the Parent 1 side. But I think over time it has shown it can.”</p>
<p>R3MAN-P2</p> <p>Trust Non negotiable</p>	<p>“I think trust is absolutely critical because if one of the shareholders were to appoint someone to the HOD team and the rest of the team possibly didn’t trust this person to be doing the right thing for the business and rather for doing or being mandated almost by one shareholder to do a certain job - I think it would destroy the JV.”</p>
<p>R2MD-P2</p> <p>Trust Non negotiable</p>	<p>“Does Parent 2 at the shareholder Board level trust each other, Parent 2 and Parent1? I have no doubt, absolutely no doubt. I think at the top level like brother-brother thing. At the management level pretty much the same.”</p>
<p>R11GM-P1</p> <p>Trust Non negotiable</p>	<p>“I can’t say this, for the time that I was there, there was never a stage that there was mistrust. Yes, there will be conflict but it wasn’t, there was no mistrust. So trust plays an important role, both parties trust one another and then everything else happens.”</p>

The fact that *trust* might be influenced, just by the fact that it is an indigenisation empowerment partner, was raised. Parent 2 did get access to all the systems and processes of Parent 1 and sharing everything with a competitor is not something that any company takes lightly. It therefore took some amount of risk and willingness to allow the participation of Parent 2 in the management and control of the business, while most of the systems and processes were supplied by them. Parent 1 now had the opportunity to get insights in the way Parent 2 operated their business.

R4GM-P2 Trust Indigenisation	“I think it is a perception that Parent1 realises that they need Parent2 at this stage as a BEE partner within this relationship and it is important for them to be aligned with us within this relationship. I do think that there is that bit of suspicion. I don’t think we are suspicious but I do think that Parent1 might be suspicious.”
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The next principle about *trust* is that it is earned over time and that it is individually based. When individuals change it was considered by respondents as impacting on the relationship.

R9MD-P2 Trust Earned	“Trust is one of those things that is earned. We all know. I think all the previous elements we have discussed is actually ultimately going to result in trust or no trust. If the intent... if the behaviour... no, if the intent is not supported by the behaviour as well you are probably never going to trust your JV partner.”
R8MD-P2 Trust Earned	“Like any relationship you need to build it and sometimes it will be good but I think if there is an underlying trust I think that is what you can build it on. You will sometimes not like each other. It happens. But if you can say well I don’t like you necessarily but I trust your ethics in the matter “I think it goes a long way. And I think it has gone reasonably well where that is concerned over time. A few wobbles, but okay.”
R5MD-P2 Trust Earned Individual dependant	“So I think it has evolved but obviously I think it is most probably very closely related to individual behaviour and it could be broken down in a matter of days.”
R12MAN-P1 Trust Individual dependant	“Obviously I think it is very important, it is a key factor in having a sound relationship between the two partners and I think over time we have built trust between the key people on the team and I think for me it is less determined by the organisation than it is by the individuals playing a key role within the governance structures of the JV. So in my view I think the senior guys have established a level of trust that certainly to me is one of the key factors contributing to our success. I think even from an SLA perspective I think the view is that the shareholders trust the input from the other shareholder and that has been built up over time.”

Trust was considered important by the respondents because it was considered to eliminate the risk of the unknown. The *trust* in the IJV was compared with a marriage, where a lack of *trust* can lead to divorce.

R10MD-P1 Trust Risk Get alignment	“But that comes back to, that comes back to the next two. You know the other things around trust and an open dialogue because you know if you have the right people in the right places and you’ve got a trusting relationship and an open dialogue then you can actually have a decent conversation about why something is diverging and if it is diverging how you get it back on track. And frankly if you are going to be misaligned it also enables you to work your way through that misalignment which might be a separation. It might end up in divorce.”
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5.4.3.5 Finding - Research Question 1

Table 5.6 Confirmation of Links in Christoffersen’s Framework

	Commitment	Trust	Cooperation	Conflict
Commitment			X (Yes)	
Trust			X (Yes)	X (Yes)
Size dissimilarities			X (Yes)	
Organisational culture			X (Yes)	
National culture		X (No)	X (No)	X (No)
Alliance experience				
International experience		X (No)	X (No)	
Prior relationships		X (Yes)		
Dominant control				X (Yes)
Dominant control by foreign partner				X (Yes)

5.4.3.6 Finding - Research Question 2

It was also found that the indigenisation regulations cause a unique set of requirements to allow for an IJV to be successful. A stress is created between the natural pursuit of private benefits by the foreign partner and the requirement of government to empower indigenous individuals. On the other hand, the local partner is placed under an obligation to engage actively and to acquire the necessary resources and skills to take part and make a success of the IJV. The success of the IJV therefore relies on three key aspects:

1. The ability of government to ensure that the foreign partner engages in a business entity that supports the indigenisation goals and complies with the legislation that supports the promotion of local ownership and management and control.
2. The willingness of the foreign partner to find ways to comply with the spirit of the legislation and to accommodate the necessary processes to achieve success of the JV.
3. The willingness and ability of the local Parent to acquire the necessary resources and skills and to engage as a true parent in the management and control of the IJV and not only to benefit privately but also create a common benefit and support the objectives of government.

5.4.4 Time Dimension Changes in Behavioural Constructs

To evaluate how dynamic behavioural constructs might be, the respondents were asked to comment on any changes they observed relative to the milestones indicated in the life stage model of the IJV, illustrated in table 4-1.

5.4.4.1 Life Stage One – Parent 1 Initiates and Builds the Operation (2006-2008)

Table 5.7 Life Stage One Key Parameters

2006-2008	
Key milestone	1. IJV Agreement signed 2. Parent 1 construct operation
General manager secondment	Parent 1
Management and control ratio (Parent 1 : Parent 2)	100 : 0
Central services participation ratio (Parent 1 : Parent 2)	100 : 0
Management secondment ratio (Parent 1 : Parent 2)	100 : 0
Production (% of capacity)	30%

This stage marked a period of three years after the establishment of the agreement in 2006, before Parent 2 made their capital contribution due to a delay in the overall project of mergers and acquisitions that enabled the transaction. Parent 1 initiated, designed and constructed the production facility. During this period the general manager was seconded from Parent 1. Parent 1 funded the operation and largely and entirely managed and controlled it. All shared services were supplied from Parent 1. The full complement of middle and top management was seconded from Parent 1. The operation was in a phase of ramping up on production. The IJV was set up to be managed by the seconded management from the Parent companies whilst the rest of the workforce had their employment agreement with the IJV.

This period was marked by relatively negative *conflict* due to the dominant control. It also became clear from respondents that the initial alignment in phase one was lacking and that it was a reason for concern. The JV was put together after a large restructuring transaction and to comply with empowerment legislation, but the operation was built and run by Parent 1 while Parent 2 was finding its feet around the new entity. Respondents that experienced the time recalled the gap in strategic alignment between the Parents to such an extent that the members of the board were not aligned on what the way forward was. The general manager of Jointco at the time explained how far apart the partners were.

Respondent Stage code	Quote
R11GM-P1 Stage 1 Conflict Governance framework	“And I think the comment here which I would have to make around that membership of the board I think, the people who really knew what the agreements were saying was only myself and the financial manager so in most meetings you would find the two partners will be mudslinging over an issue that they shouldn’t be mudslinging before a proper background in terms of their agreement was in place.”
R6MD-P2 Stage 1 Conflict	“It was a bit of destructive in the first stages, it was a bit of destructive because there was just one way but if you can turn it positive, ja.”

Co-operation levels were low. *Trust* was reported to be relatively high and stable throughout the life stages of the IJV. Both parties were committed to be in the project although Parent 2 had not committed any resources yet.

R9MD-P2 Stage 1 Co- operation	“...obviously the more you move to this side here is zero cooperation in phase one and phase two probably very little, phase three more with introduction but I think for me the difference between phase three and phase four, what I experience currently, is that we are more in a phase where we are not just forced to work together because there is a blueprint but hopefully both parties see it as sensible to work together, that there is merit and value in working together.”
R7GM-P1 Stage 1 Trust	“Ja, I think for me the one shareholder had to have a lot of trust in the other one to start off so I think the trust has always remained fairly high.
R10MD-P1 Stage 1 Commitment	“Ja, there is no doubt in my mind that both parties, Parent 2 and Parent 1 are in Jointco because they want to actually be in it for the long term. Yeah I mean there is no doubt in my mind.”

5.4.4.2 Life Stage Two – Parent 2 Moderately Involved (2009-2010)

Table 5.8 Life Stage Two Key Parameters

2006-2008	
Key milestone	1. IJV Agreement signed 2. Parent 1 construct operation.
General manager secondment	Parent 1
Management and control ratio (Parent 1 : Parent 2)	90 : 10
Central services participation ratio (Parent 1 : Parent 2)	95 : 5
Management secondment ratio (Parent 1 : Parent 2)	100 : 0
Production (% of capacity)	100%

This 2 year stage was marked by the payment of Parent 2's 50% capital contribution of the empowerment Parent company, in June 2009. Parent 2 started to become more involved in the governance of the project and the placed two seconded management personnel. The production rates ramped up to full capacity. With Parent 2 now more engaged in the management and control, the levels of negative *conflict* increased. The transaction was not necessarily born voluntarily, and the indications were that Parent 1 did not intend to take the initiative to start sharing management control. The alignment sessions only started once Parent 2 had paid their part of the capital and initiated more collaboration.

R7GM-P1 Stage 2 Conflict	"I think probably in stage 2 there was some negative, I think stage 3 there was definitely a lot more positive, and I think stage 4 for me it will be less than stage 3 in terms of positiveness, but not as negative as the 2 nd . Because I think each one knows what is required but it is tough decisions because you need to fork out some money, so I would sort of put it high, low, medium and then a bit higher again."
R11GM-P1 Stage 2 Conflict	"Stage two the conflict that was there was always the one which I explained and that conflict is the one of the Parent1 side which had its own expectations, which was strictly said we are going to run that thing ourselves and we are not going to be told by anyone and only to realise

Dominant control	that once the other party had put in its money, now there was a challenge.”
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Although the *commitment* to stay was reported to be there from the beginning, once Parent 2 paid their portion of the capital, they increased their *commitment* with regards to engagement and resources, but it was at a slow pace. Although *commitment* to stay in the IJV was consistent, both parties’ respondents did speak about a lack of *commitment* of resources from the side of Parent 1. A director commented on the difficulties he had to get sufficient support from the company. From the life stage model in table 4-1 it can be seen that only one management secondee was allocated to the IJV.

R6MD-P2 Stage 2 Commitment Limited	“So that’s also been kicked around, that just tells you the value that the guys see in the operation. Having said that, sometimes if you look at the whole management of the JV it was a hell of a force to get the Parent 2 guys committed and involved in terms of the JV. So at the one had they say this they see a lot of value in there and on the other hand you need to force them to try to assist in managing this whole JV.”
R3MAN-P2 Stage 2 Commitment	“I think as Parent 2 got more involved they became more committed to the project. I got the sense in the beginning that Parent 2 weren’t fully committed and it was more because ‘well Parent 1 are running it, we will get a dividend at the end of the day’ – whereas as Parent2 got more involved at a much higher level, at your CEO level, you already started to get more commitment.”

Although Parent 2 got more engaged in stage two, *co-operation* was still low between the two parents while the *conflict* was negative and the two parents were still looking to find ways to move forward together.

R3MAN-P2 Stage 2 Cooperation	“I don’t think there was any cooperation between at stages 1 and 2. At stage 1 it was this is the business, this is how we are running it, you could almost say ‘up until you pay up and there is a line’. And over the time the cooperation has become better.”
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5.4.4.3 Life Stage Three – Parent 2 more Actively Involved (2011- 2014)

Table 5.9: Life Stage Three Key Parameters

2006-2008	
Key milestone	1. IJV Agreement signed 2. Parent 1 construct operation
General manager secondment	Parent 2
Management and control ratio (Parent 1 : Parent 2)	60 : 40
Central services participation ratio (Parent 1 : Parent 2)	80 : 20
Management secondment ratio (Parent 1 : Parent 2)	80 : 20
Production (% of capacity)	100%

It took an intervention that is also listed as a milestone in the lifetime model, to assist with the improvement of alignment. An international consultant was brought in to facilitate the process of developing a governance framework document that is referred to as the Governance blueprint, by respondents. The first appointed general manager was appointed as a secondment from Parent 2. Parent 2 also increased their involvement on both shared services and management secondees to 20%. Production ran at full capacity. The role the changes made in influencing the alignment process was repeatedly mentioned by both Parent respondents.

R8MD-P2 Stage 3 Strategic alignment	“So you had to from a base where there was already agreement, had to claw back in terms of our perspective of getting more people involved, getting the secondments, the rotation – and we got that going.”
R5MD-P2 Stage 3 Strategic alignment Individual Talent	“I would say most probably between stage two and stage three there was a definite move and I don’t want to put this at the helm of a specific person but the leader of that organisation employed there will eventually direct the directors of the company in terms of independence ”
R3MAN-P1 Stage 3	“I think Jointco has developed over time, I have probably said this a million times but from the time the governance blue print was put in

Strategic alignment Governance framework	place I think it gave the mine or the mine management team better direction.”
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Conflict was reported to become much more positive than negative and in general the overall response to *conflict* from the interviews was that it is required to create progress and that it is experienced as constructive.

R4GM-P2 Stage 3 Conflict Alignment Positive	“I think there was... we had a lot of conflict. I think there is always a role for conflict but it opens up the horizons a bit and stretches it and I think that is a good thing. I don't think that you will ever be one hundred percent aligned. What is important of the GM position is to eliminate the noise and see what is important in the role of the GM and for the GM to do.”
R5MD-P2 Stage 3 Conflict Challenges Positive	“I honestly think that the conflict that I was exposed to was, it was value added conflict we didn't sit there and bribe about nothing. Where we had conflict in terms of beneficiation capacity in terms of beneficiation processes etcetera; I think that conflict was aimed at improving the business and it was not aimed at anybody on a personal basis.”
R9MD-P2 Stage 3 Conflict Positive	“Currently... my experience, where we are currently sitting is there is conflict from time to time but it is a JV, it is like marriage. I think it is much more constructive conflict. I think the conflict is fairly constructive and I think we have, I feel comfortable that we have mechanisms to address the conflict and get to a decision. I also think what helps a bit is the fact that the presentation from both JV partners on the management team is necessarily creating a bit more of a balance in that team.”
R3MAN-P1 Stage 3 Strategic alignment Governance framework	“I think Jointco has developed over time, I have probably said this a million times but from the time the governance blue print was put in place I think it gave the mine or the mine management team better direction.”

Seconded personnel from Parent 2 were increased to about 20%. An Operating Model and Governance blue print document was developed that assisted senior management in respect of the operations of the company and matters pertaining to the corporate governance as well as to clarify aspects of the original shareholders agreement. Support service level agreements were formalised while Parent 2 started providing about 20% of the services. The number of seconded management personnel from Parent 2 increased to about 20% although it still fell short of the intended 50%.

The other milestone that was prominently discussed was the appointment of the general manager from Parent 2. The impact that he made in the way he practiced leadership was considered by respondents from both Parents to be a game changer in the way interactions took place. References to *conflict* were even changed to “constructive tension”.

R2MD-P2 Stage 3 Conflict Constructive	“Then Peter arrived and there was obviously a different emphasis and then there was a real storming forming approach there and the management team became more mature. We got different people in and the HOD team and so forth. So then we became a lot more transparent. Mainly in the sense of saying I don’t like this. I don’t accept that we pay three times as much for security as I am paying at another operation or whatever the story might be and stuff like that. There was some hard conversation and some... not always successful, not always did things change, but there is definitely a... that is like constructive tension, there is definitely more of that so that is healthy.”
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Co-operation was also reported to improve dramatically after the two milestones of the Governance framework development and the appointment of the Parent 2 general manger.

R9MD-P2 Stage 1-4 Co- operation	“Obviously the more you move to this side here is zero cooperation in phase one and phase two probably very little, phase three more with introduction but I think for me the difference between phase three and phase four, what I experience currently, is that we are more in a phase where we are not just forced to work together because there is a
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	blueprint but hopefully both parties see it as sensible to work together, that there is merit and value in working together.”
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From the drastic increase in the amount of Parent 2 seconders it can be seen that the *commitment* to supply resources had changed from the side of Parent 1.

5.4.4.4 Life Stage Four – IJV Life Extension Crossroad (2015: Current)

Table 5.10: Life Stage Four Key Parameters

2006-2008	
Key milestone	1. IJV Agreement signed 2. Parent1 construct operation
General manager secondment	Parent 1
Management and control ratio (Parent 1 : Parent 2)	60 :40
Central services participation ratio (Parent 1 : Parent 2)	80 : 20
Management secondment ratio (Parent 1 : Parent 2)	70 : 30
Production (% of capacity)	80%

The current period that started at the end of 2014 is characterised by a tapering down in production as the current resource nears its end of life. To extend the productive life of the project for another 15 years a major capital injection is required from both Parents is needed. The current economic environment does not only place huge pressure on the availability of capital, but also impacts negatively on the projected business case due to low commodity prices. Both shareholders are reconsidering their positions. The general manger position also changed back to a Parent 1 seconded employee. Shared services sustained the same levels of representation as stage three but Parent 2 secondee representation has increased to approximately 30%. Production tempos have started tapering down due to the resource that is being depleted.

Despite conflicting views on the business case and the seriousness thereof, the *conflict* is reported to be handled in the same transparent and constructive manner as in stage three.

R2MD-P2 Stage 4 Conflict	“I think we are now... we have been formed as a team and it is the external environment that we are both wondering what to do. It is not like we’ve got our plan. There is no capital, market condition is terrible what the hell do we do? I think we see that as a team now.”
R4GM-P2 Stage 4 Conflict	“I think it is at a good level now but I think at crunch time there is a bit of uncertainty with regards to the live extension of the mine but I think the partners are honest enough with each other to reveal the status of the business to each other. So I think the trust is good”.

Commitment to proceed with the operation is dependent on the predicted business case and depend on market pricing. The parties have an option to close the operation down. On the other hand Parent 1 has continued to increase the *commitment* of resources.

R6MD-P2 Stage 4 Commitment	“Sometimes you get the silent partners that only give some money and do not contribute and I think at stage one definitely very little contribution and it definitely improved from stage two, three four and onwards.”
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Co-operation in stage four was apparent despite the difficulties reported to be on a high level. Some give the fact that the Governance framework is well implemented, as a possible reason, while the active revision of the strategic alignment is also considered to be assisting.

R9MD-P2 Stage 4 Co- operation	“Obviously the more you move to this side here is zero cooperation in phase one and phase two probably very little, phase three more with introduction but I think for me the difference between phase three and phase four, what I experience currently, is that we are more in a phase where we are not just forced to work together because there is a blueprint but hopefully both parties see it as sensible to work together, that there is merit and value in working together.”
R4GM-P2 Stage 4 Cooperation Management process	“I think it is a good thing to re look things every now and then as we are doing now with the annual strategic sessions with regards to what is the intent of the joint venture and does it make sense to continue. I think that is important and also for how long it will continue. I think that is also important.”

5.4.4.5 Finding – Research Question 3

In general it was evident from the data that the behavioural constructs did change in a more or lesser fashion based on key interventions that took place in the IJV. While *commitment* and *trust* were less affected, *co-operation* changed drastically over time and *conflict* did not only change in intensity but the outcome also moved from negative to positive.

Commitment - Changes over Time

Commitment to stay in the IJV has clearly been strong since the start for both Parent companies and no intentions of anyone pulling out have been mentioned. On the other hand, the *commitment* from Parent 1 in terms of the supply of resources and management skills has been quite low from the start. In the initial stage there was basically just the absolute minimum involvement before Parent 1 paid their part of the capital. The investment capital definitely caused an increased level of *commitment* of resources. From thereon they basically continuously grew their *commitment* with regard to all resources. Parent 1 has been dominantly involved from the start and provided consistent resources wherever the need was.

The only time where long term *commitment* was reported to be reconsidered was in the current stage four, where the *commitment* to proceed or to stop the operation will be based on a positive business case. In reality there is still uncertainty of how stage four will play out and the study can only look at the current views. Respondents are in general unsure of how it will play out.

R1MAN-P2 Stage 4 Behaviour	“And then the last phase, which is where we are now, and we will see how it unfolds with time, but because it is back at decisions around investment, it is fundamentally different from the first phase when we were there, because the first phase was very much controlled by one of the shareholders; now it is a genuine 50/50 set up – and when it comes to decision making, if there are any grey areas between the two shareholders, then you will see a conflict and then we need to see how the two parties interact.”
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Trust - Changes over Time

Trust was considered to be strong throughout all stages. *Trust* was considered a non-negotiable and although respondents were of the view that it is earned over time, the

feedback indicated an incremental reinforcement over time, throughout the life of the IJV, with no specific drastic changes influenced by any milestones. Although some respondents argued that there can be never be 100% *trust*, *trust* was overall consistently rated as good and considered a supportive factor.

Co-operation – Changes over Time

The levels of *co-operation* were reported to change dramatically over time. Initially in stage one the *co-operation* was literally non-existent, with Parent 1 dominantly controlling the IJV. Even after Parent 2 made the capital investment in stage two, the *co-operation* had not improved and Parent 1 had to put in energy to get a part of the action. Only after the general manager from Parent 2 had been appointed and the Governance blueprint was in development did *co-operation* start to improve and it was rated to be on a high level up to the current stage.

Conflict – Changes over Time

Conflict has gone through various stages. The levels of *conflict* were initially high in stage one and two. The outcome of the *conflict* was considered negative. The level of *conflict* was also high in stage three after the appointment of the Parent 2 general manger, but there was a change in the impact. Despite the high levels of *conflict* the outcome was considered constructive. The levels of *conflict* decreased after the Governance framework was put in place and although there is still *conflict* it is considered to be manageable and of a constructive nature.

Chapter 6: Discussion of Findings and Results

6.1 Introduction

The aim of this study was to explore the constructs that influence the performance of IJV's in an emerging country within the context of indigenisation and to determine the role of behavioural antecedents relative to other constructs. The preceding chapter presented the results of the study with prevalent themes which were supported by quotations from both media consumers and experts. This chapter discusses the results of the study which were presented in chapter 5 by connecting them with the research questions posed in chapter 3 and the literature reviewed in chapter 2.

From chapter 2 it can be seen that there exists relative consensus that there is a correlation between behavioural constructs and the performance of IJV's. On the other hand there is a wide variety of constructs that were studied and suggested to influence the success of IJV's, but a lack of consensus exists on the role they play and also how they correlate to performance. The data were mostly gathered in a cross sectional fashion with the focus on a limited amount of constructs. This section aims to connect current literature with management responses on the topic of antecedents to performance of JV's.

The resulting emerging themes from interviews that were reported through the lens of existing literature in the previous chapter was linked to the research questions developed in chapter 3. The two important frames that were applied in the study were Robson's (2002) framework and Christoffersen's (2013) framework that are illustrated in Figure 2-2 and Figure 2-3 respectively. The research questions are discussed by analysing the emergent themes in context in the sections below.

6.2 Research Questions

Three research questions were proposed in chapter 3 to explore the impacts of constructs to the performance of IJV's. The findings from chapter 5 in relations to the literature frame from chapter 2 are discussed below.

6.2.1 Findings for Research Question 1

Are the four behavioural antecedents of *commitment*, *trust*, *co-operation* and *conflict* relevant as mediating constructs for performance in an IJV that was founded due to an indigenisation legislature and what unique aspects impact on them in this environment?

6.2.1.1 Finding

The research has established the role of behavioural constructs. Firstly, in Figure 5-1 the behavioural elements were illustrated with a high representation and secondly the important role of the four constructs was confirmed from the interview respondents. Most of the interdependencies as per *Christoffersen's framework* could also be confirmed. Table 5.6 listed the relationships that are depicted in *Christoffersen's framework* and indicated which of them were confirmed from the interview data. The only two constructs in relation to the behavioural construct that were not confirmed in this research were international experience and national culture. Culture was discussed in detail but was referred to in general terms. From the analysis of the data it became clear that although their universal relevance was confirmed, various factors that are uniquely affected by the indigenisation environment, including the strategic alignment, the contractual element and the Governance framework, emerged. Although none of these factors are unique to this environment, the original motivation for the IJV and the legislation requirements impact them in a unique way and thereby have a unique impact on behavioural antecedents.

6.2.1.2 Literature Alignment

From literature discussed in chapter 2, it was suggested that behavioural constructs are the only group of constructs with relative consensus on their influence on performance. Christoffersen (2013) has conducted an extensive review on the antecedents of international alliance performance. His model positioned the behavioural constructs centrally and they are identified as mediating performance. The four constructs that were identified in his meta-analysis of 165 peer reviewed articles are *Commitment, trust, co-operation* and *conflict*. From the data it is evident that the four behavioural constructs are all affected in a unique way by the original motivation for the IJV.

Commitment Factors

Commitment, although indicated as an independent variable in *Christoffersen's framework*, as illustrated in figure 2-3, is considered to be dependent on two factors including the potential financial benefit and the psychological identification with the JV and the other partner (Voss, Johnson, Cullen, Sakano, & Takenouchi, 2006). From the interview data it is clear that *commitment* is primarily based on a potential positive business case.

The results from the interview data are consistent with the fact that *commitment* is important as a construct for success of an IJV but the fact that the reason for existence differs from the traditional motivations for the creation of IJV's, influenced the levels of *commitment* from the two Parent companies in a unique way. On the one hand a promising business case was the reason for *commitment* mentioned by both parties which aligns with the reasons for *commitment* identified by Benito, Petersen, & Welch (2009). For both the initial IJV proposition and the more recent recapitalisation program of life stage four (see table 4-1), it was mentioned that proceeding with the project hinged on the financial benefit. On the other hand the *commitment* to the IJV is reported to be based on different "personal benefits" from an *Intrapartner* perspective. In the case of Parent 1, the foreign partner, aspects like the "licence to operate" and "clout" with the government, and a strategic customer, were mentioned. The criteria for *commitment* aligns well with the Transactional cost theory discussed by Hennart (1988) in the sense that the foreign parent sacrifices half the business opportunity to still gain access to the local market business. The levels of *commitment* between the foreign and local partners were different due to reasons linked to the initial motivation for the IJV. In the presentation of results in chapter five, these influences are mentioned. From a structural domain, the dominant *control* of the foreign partner and the unbalance in the original agreement caused a higher level of *commitment* by the foreign partner than the local partner. This fact is illustrated by both information reflected in the life stage model of the IJV presented in table 4-1, and from the feedback of respondents discussed in chapter five. These aspects were specifically influenced by the misalignment in size, experience and skills between the MNE and the local empowerment parent. Both the *commitment* and the opportunity to *commit* resources from the perspective of Parent 2 was negatively impacted by these factors. The life stage model illustrated how the local parent only paid their portion of the capital at a later stage and how they only phased in management representation and services after that. The fact that the IJV consisted of a 50/50 alliance created the expectation of similar levels of resourcing. It became evident that the impact on *commitment* from the local partner is influenced from an indigenisation point of view due to the foreign partner initiating and committing first.

Another result of the typical early leadership by the foreign partner posed a risk that the local parent may become complacent and take the benefits with minimum engagement. In such case the objectives of indigenisation would be compromised due to a lack of skills transfer and local management *control*.

Different perceptions of *commitment* and how it was influenced in the early stages of the IJV occurred. The perceptions of *commitment* in the stages after the implementation of the Governance framework improved with a good alignment between the views on *commitment* from the partners.

Trust Factors

Trust is generally considered to be dependent on cultural alignment, or constructive prior relationships (Costa e Silva, Bradley, & Sousa, 2012). *Trust* is considered to be “relationship capital” that influences *commitment*, *co-operation* and *conflict* in a constructive manner and does not directly influence performance.

Trust was found to be a non-negotiable ingredient of JV success, despite the fact that some respondents were of the view that there would never be 100% *trust*. The importance of relationship maturity was also emphasised. This aligns with the well-established dependency of *commitment* on *trust* in literature (Geyskens et al., 1999). A strong consensus on the positive impact of trust on the success of IJV's exists in literature. Although *trust* was considered to be a non-negotiable factor, it was agreed that it is built over time which aligns with literature that links it to prior relationships. From an empowerment point of view, the fact that the alliance was a compliance issue rather than a synergy project, caused some discomfort by the foreign partner. The idea of sharing information and resources was considered as a reason of concern. But from a transactional cost perspective the foreign partner had to consider the fact that *trust* is a cost effective way to encourage *co-operation* (Hsieh & Rodrigues, 2014).

Co-operation Factors

Co-operation as a construct includes dimensions of flexibility, information exchange, shared problem solving and a restraint in the use of power. It is considered as a strong, supporting mechanism of performance (Christoffersen, 2013 Luo & Park, 2004, Luo & Shenkar, 2002). *Co-operation* was strongly linked to relationship maturity and was considered as a driver of performance in different ways, including the creation of an ability to exploit synergies. This aligns well with *co-operation* as related to a variety of constructs including *commitment*, identity development and the facilitation of relationship building. Glaister & Buckley (1999) argue that prior relationships provide the basis for *trust* and mutual understanding. The impact that the initial interpartner misfit had on the *co-operation* was evident from the interviews, and how the lack of *co-operation* was emphasised by inaccurate perceptions of the skills match. When *co-operation* improved

in the later stages of the IJV, the different skill sets of the two Parents should have been applied in a better way to exploit the synergies. It became evident that Parent 1 underestimated the value that parent 2 could add. *Co-operation* has been mentioned to ease the process of decision-making. This aspect aligns with the positive impact of *co-operation* during decision-making (Das & Rahman, 2010).

An aspect that emerged from the data was the important link to the Governance framework that was established only in stage five, years after the original IJV agreement was signed. Respondents reported on how the process of development of a detailed governance framework assisted in the creation of an environment that allowed for improved *co-operation*. The link between *commitment* and *co-operation* was also confirmed by the positive impact it had when Parent 2 started to increase their level of representation to the JV.

Conflict Factors

A large number of studies have been done on the impact of *conflict* on performance of IJV's and Christoffersen (2013) reported on the results of 12 such studies. The general consensus was that *conflict* has a negative impact on performance due to the negative feedback loops between *trust* and *conflict* as described by Steensma and Lyles (2000). *Conflict* is also linked by literature to be influenced by cultural distance and dominant *control*. The initial period where the IJV was managed and controlled by the foreign partner was the cause of *conflict* with a negative impact.

A very prominent contradiction to *Christoffersen's Framework* that emerged from the research, is general feedback on the positive effect that *conflict* played in the success of the IJV. The framework suggests that *conflict* has a negative impact on performance. A clear theme emerged of how *conflict* has impacted sometimes negatively and sometimes positively. Jehn and Mannix (2001) found that task *conflict* can be very constructively managed at the midpoint of an interaction. He found that the midpoint is where groups have the opportunity to adopt new perspectives and leverage the synergies that are created by relatively high levels of *conflict*. The success lies therein that once consensus is reached, a group can set new goals that can prevent negative *conflict* in future. In line with literature the initial dominant *control* by one parent was the cause of negative *conflict* and links with the Contractual Elements were mentioned. The *conflict* that was experienced later when the local parent insisted on a larger role in management and *control* led to an escalation of *conflict* again, but with a perceived positive outcome after high levels of *conflict* that resulted in the creation of a Governance framework. This

governance framework and the management processes associated with it, was also considered to assist the management of *conflict* to ensure positive outcomes. Negative *conflict* was linked to Strategic alignment which is an *Interpartner fit* element.

Another unique element that relates to how *conflict* was controlled and managed was the legal requirements that prescribe the need for foreign companies to support the indigenisation legislation. In this case the foreign partner committed to enabling management and *control* by the local partner.

6.2.1.3 Conclusion

From the above evidence it can be concluded that the behavioural constructs from Christoffersen's model are relevant to an IJV that exists due to legislative requirements. It is evident though that a variety of unique factors do impact in this kind of environment and these need to be kept in mind.

6.2.2 Findings for Research Question 2

What are the unique factors that create an environment where the mediating behavioural constructs will be favourably influenced towards a performing IJV where the IJV was formed with the objective to meet indigenisation legislative compliance?

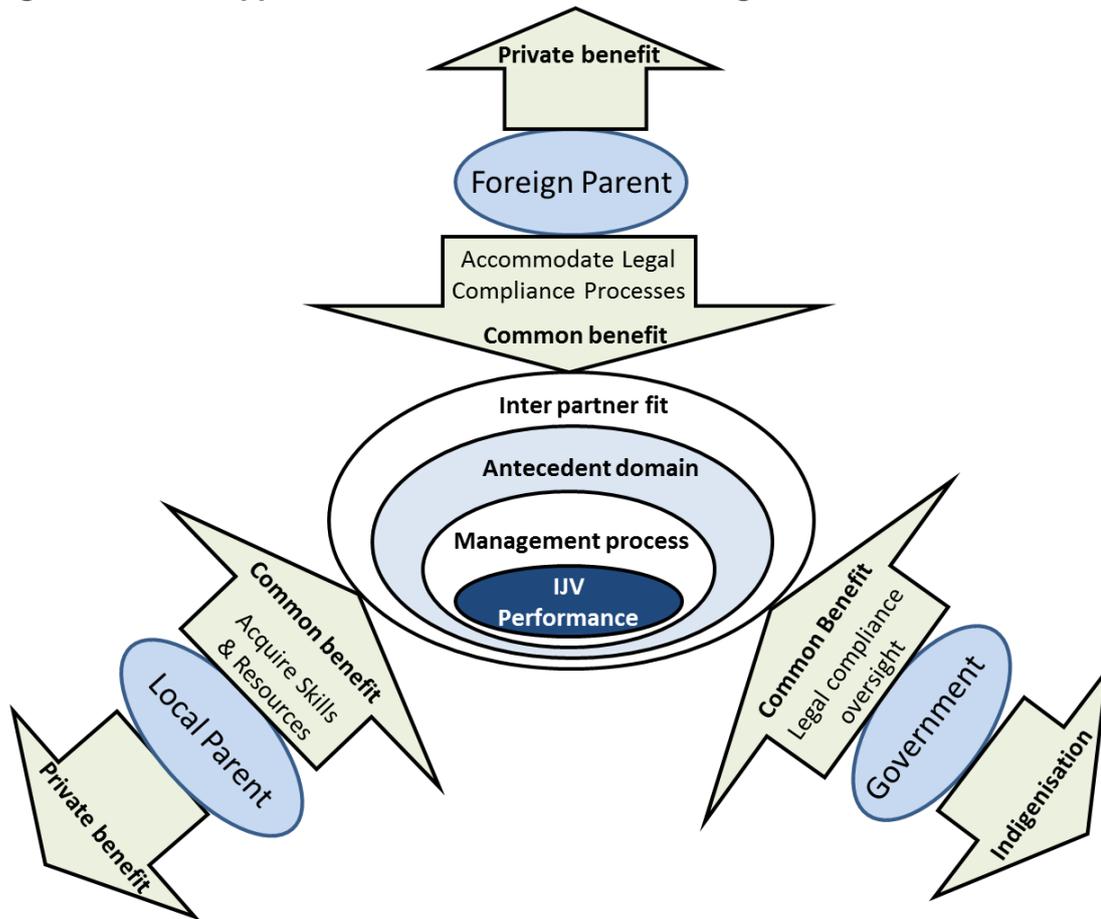
6.2.2.1 Finding

It was found that the indigenisation regulations cause a unique set of requirements to allow for an IJV to be successful. A stress is created between the natural pursuit of private benefit by the foreign partner and the requirement of government to empower indigenous individuals. On the other hand the local partner is placed under an obligation to engage actively and to acquire the necessary resources and skills to take part and make a success of the IJV. The success of the IJV therefore relies on Interpartner fit characteristics as well as constructs within the IJV domain that are supported in a way by three key role-players. Figure 6-1 illustrates how IJV performance is influenced by the interaction between the three role players: the foreign and local Parents and the government. It can be explained as:

1. The ability of government to ensure that the foreign partner engages in a business entity that supports the indigenisation goals and complies with the legislation that supports the promotion of local ownership and management and control.

2. The willingness of the foreign partner to find ways to comply with the spirit of the legislation and to accommodate the necessary processes to achieve success of the JV.
3. The willingness and ability of the local Parent to acquire the necessary resources and skills and to engage as a true parent in the management and *control* of the IJV and not only to benefit privately but also create a common benefit and support the objectives of government.

Figure 6-1 The Support Structure for an IJV in an Indigenisation Environment



6.2.2.2 Literature Alignment

MNE's looking at entering new markets and staying competitive have to find ways to gain a competitive advantage through access to resources and skills. IJV's are one way in which international companies gain access to resource capabilities (Culpan, 2009). Hennart (1988), argued that the main motivation for the decision to establish an IJV is based on the transactional cost of acquiring the necessary resources. He argued that the existence of potential synergies between the foreign and host company are the key

to reducing transactional cost. The value of these synergies are weighed up against the cost of sharing *control* in order to make a decision on the possibility that the formation of an IJV will create the best value.

The case study IJV considered in this study came in existence due to indigenisation requirements. The right to operate was a main reason for the formation of an IJV with a locally owned entity. One can argue that transactional cost in the bigger picture of the business does apply, because the IJV could be considered the most cost effective way to access profitable business. The difference though is that in the relevant case study, the only real synergy was just that. The local partner was much smaller and operated in the same market where the foreign partner was already active and therefore the additional value that the local partner could bring was limited.

Considering the limited value that the local partner could bring to the IJV, the incentive to *co-operate* and to share management and *control* was limited from a commercial perspective. Strong arguments for the benefits of dominant *control* by the foreign partner have been made. The reduction of managerial complexities and other co-ordination challenges linked with the probable superior skills and resources of the foreign partner are argued to be the main reasons that support dominant *control* by the foreign partner (Calantone, Zhao, & Sam, 2001). Despite these strong arguments only three of eight studies reviewed by Christoffersen (2013) confirmed this positive in relation to performance and the rest were non-conclusive. The reason for this might be found in the fact that dominant *control* has been found to increase *conflict* with a negative effect on performance, which was the case with the IJV studied in this research.

From a legislative perspective, the South African Broad-Based Black Economic Empowerment Legislation, in the pursuit of improving black ownership, also set local management and control as an objective to companies (National Planning Commission, 2011). This requirement may create a stress because it imposes requirements that impact on the governance model of the IJV. This creates an environment (illustrated in Figure 6-1) where stresses may occur between the three different parties to ensure the success of the IJV while operating within legislative requirements.

The framework in Figure 6-1 illustrates how the three parties with their different objectives have to *co-operate* in an indigenisation environment. Kumar (2011) studied the *conflict* between common benefit and private benefits and found that in an environment that yields high private benefits in a JV, it can lead to defensive behaviour, impacting negatively on performance due to a decrease in *co-operation*. In a traditional

IJV environment only the parent companies are involved, seeing the balance between common and private benefits. In the case of the IJV in an indigenisation environment the government have a third objective which is brought into the picture. The forces that influence the interpartner and IJV domains are determined firstly by how the parent companies behave in finding the balance between the *conflicts* between private and common benefits as well as compliance to legislation. The other influence is how strongly the government enforces the legislative requirement on management and *control*.

In the pursuit of lucratively achieving IJV success and support, while addressing the objectives of the government, the parent companies have to adjust their strategies. The foreign partner has to accommodate management processes that support the sharing of management and *control*. On the other hand the local parent has to engage in the IJV and find ways to actively build their own skills and resources to enable them to participate constructively, whilst also gaining private benefits. In the case study, the development of a governance framework with a review process, has addressed these issues.

6.2.2.3 Conclusion

It can be concluded that the unique factors that influence the environment for constructive behavioural interaction are based on the willingness of the parent companies to adapt and support a governance process where the management and *control* is shared and where both parents can actively engage in the process. It might imply that the local parent will have to actively build the capabilities over time, in which case the foreign partner will have to be accommodative of this to be able to reach the objectives. Government also play an oversight role therein if the indigenisation targets are to be achieved.

6.2.3 Findings for Research Question 3

Are behavioural antecedents *trust*, *commitment*, *conflict*, and *co-operation* dynamic, and how are they influenced by the life stage of an IJV?

6.2.3.1 Finding

Behavioural constructs do change in a more or lesser fashion based on key interventions that take place in the IJV over time. While *commitment* and *trust* were less affected, *co-operation* changed drastically over time and *conflict* did not only change in intensity but the outcome also moved from negative to positive.

6.2.3.2 Literature Alignment

From the data in chapter five it is illustrated that the different behavioural constructs do change over time, but the characteristics of change differ.

Commitment

In general, *commitment* is considered as a intent to stay for the long term in a relationship of sorts but *commitment* has two aspects to it according to Swailes (2002). The first one is being “affective”, that indicates more of an emotional level and “calculative.” Calculative *commitment* is dependent on an evaluation of future benefits of a relationship. In the case of the case study both parent companies would have done an economic evaluation of the business case prior to engaging in the enterprise. They would typically have financial evaluation criteria like internal rate of return, net present value (NPV) and NPV: Capital ratio. Swailes (2002) mentioned that even if the prospects do look positive, the entity will still consider the opportunity cost by comparing the future benefits with the prospects of other options. In the case of the two parent companies, it is normal for resource companies to have a project pipeline consisting of numerous projects in different phases of evaluation. For parent companies to commit to an IJV, these criteria are quite relevant. From the case study it became clear that in the environment of indigenisation regulation there are other aspects that come into play.

In the case of the IJV under discussion the consideration of future benefits was not based on the benefits directly linked to the profits of the alliance but included a right to engage in other larger business. The creation of the joint venture between a Local BEE company and a large multinational multi-commodity mining company, was initiated as part of a larger acquisition transaction in agreement with government. Although the IJV business case was positive, the transfer of a 50% share to a Black owned and controlled resource company unlocked other future benefits to the foreign partner. Considering the positive business case and other future benefits, the calculative *commitment* can be explained in the light of the future benefits.

From an affectionate *commitment* perspective the aspect of *trust* must be considered. Respondents clearly stated the role that *trust* played in the decision to collaborate with the local partner and it was also stated that a relationship with some other parties would be considered troublesome due to *trust* issues. This aspect is supported by Geyskens et al.,(1999) who argue that trust is an antecedent to commitment.

The intent to stay in the business was found to be consistent throughout the life cycle and seemed not to be affected by any of the milestones, but the recapitalisation project. The milestone that characterised stage four was the need for recapitalisation of the project. The business case benefits are under severe pressure due to market conditions. The long term view of commodity pricing plays the most important role. In line with literature, the future benefits are causing a reconsideration of *commitment*.

Despite agreement on the long term *commitment* from both parties, respondents argued that *commitment* was changing on another level. The aspect of the *commitment* of resources was found as changing over time. Somehow the delayed payment of the initial capital and the slow phasing in of management representation was considered to be a lack of *commitment* from both representatives of Parent 1 and Parent 2. According to Muthusamy and White (2005) an increase in *commitment* will affect *co-operation* positively. This link might be some of the contributing factors to the lack of *co-operation* in the early stages.

Literature therefore supports the existence of long term *commitment* based on the business case and it explains why the only review of *commitment* is taking place during the evaluation of the life extension recapitalisation project. The variability of *commitment* to supply resources in the short term is not well addressed in the literature. In Christoffersen's model *commitment* is presented as an independent variable. *Commitment* is the only behavioural construct in the model that is not indicated to be influenced by constructs from other domains.

Trust

Trust is described as one partner's ability to rely on the other and is considered to be essential to parties to benefit from the interdependencies and opportunities in the relationship. Respondents confirmed this fact by mentioning it as a non-negotiable construct. *Trust* was found to be positive throughout the life stages of the IJV. Despite high levels of *conflict* impacting both negatively and positively on the IJV, no reports of drastic changes in *trust* could be contributed to any of the milestones. *Trust*, together with *commitment* is considered by Robson, Skarmeas, and Spyropoulou (2006) as interconnected and the dependency of *commitment* is also well established in literature (Geyskens et al., 1999). The data supported the argument from Ren et al. (2009) that *trust* is evolutionary and that it can be reinforced or depleted over time. In the case of the IJV studied, a reinforcement of *trust* was observed.

Co-operation

Co-operation is about how well people or a group act together in a co-ordinated manner to share complimentary goals (Argyle as cited by Christoffersen 2013). From the data it became clear that the allocation of management representation and resources by one parent was related to how *co-operation* was rated. The definition of Buckley and Casson (as cited by Ren et al. 2009, p820) that describes *co-operation* as a “process of mutual forbearance in the allocation of resources such that one party is made better off and no one is worse off than it would otherwise be”, therefore aligns well with the data.

From the data as presented in chapter five it became clear that the levels of *co-operation* have changed over time and it could be linked to specific milestones. *Co-operation* was initially at very low levels. The lack of a well-defined contract and the way it was set out, as well as the dominant role that the foreign parent played initially, was indicated by the data as the reasons for the low engagement by the local parent, and thus the lack of *co-operation*. The major change in *co-operation* occurred after the appointment of the general manager from the local parent. The parties worked together on the development of the Governance framework. From the data it is also evident that the governance framework enhanced the level of *co-operation* further.

The fourth milestone of recapitalisation has not impacted on *co-operation* despite the severity of the external impacts from the market.

Conflict

From the data it is evident that *conflict* has changed in intensity and resulting outcome, quite dramatically. The project was controlled solely by the foreign partner. The trigger for *conflict* initially was therefore the dominant *control* by the foreign partner. The studies reviewed by Christoffersen (2013) do indicate correlations in this regard but Reus and Rottig (2009) could not confirm strong correlations between dominant *control*, cultural distance and *conflict*.

Reus and Rottig (2009) found that *conflict* varies in the effect that it has in different environments. From the data it was evident that not only the level of *conflict* was impacted by milestones, but also the outcome. The first trigger to *conflict* was the payment of the capital share by the local parent. *Conflict* was linked to the determination of the local parent to get involved in the management and *control*. *Conflict* was evidently negative for the relationship.

The change from destructive to constructive *conflict* came after the appointment of the general manager from the local parent. The parents *co-operated* in putting a Governance framework in place. Figure 5-1 reflects that *Interpartner fit* was the most prominent aspect impacting on performance of the IJV. Both dominant *control* and cultural fit fall within this domain of the *Robson Framework*. Contractual elements were the third most prominent category according to the data. The key milestones that impacted on *conflict* are both related to these two categories. The role that the governance framework development played can be considered as a possible mitigating contractual element that assisted in the adjustment of *Interpartner fit* aspects. The role that management processes can play after engagement into the IJV might be considered for a topic of further research.

Conclusion

It is evident that key milestones can have prominent impacts on behavioural constructs. Indications are that the foundational constructs of *commitment* and *trust* have been impacted less than *co-operation* and *conflict*. Table 6.1 summarises the characteristics of the change in construct reflected in the data.

Table 6.1: Change in Behavioural Constructs over Life Stages

Construct	Description of Change Characteristics
Commitment	Long term commitment strong and stable throughout. Resource commitment from local parent influenced by milestones
Trust	Good level of trust with no major impact by milestones, but continuous evolutionary growth
Cooperation	Drastic changes in cooperation influenced by milestones.
Conflict	Strong changes in conflict influenced by milestones with a swing in consequences from negative to positive.

6.3 Conclusion

In the process of connecting the data results from chapter five through the lens of the research questions from chapter three and with the literature discussed in chapter two, the relevancy of behavioural constructs and important aspects impacting thereon could be empirically established. Firstly, the role of behavioural constructs as key, post agreement mediating factors have been confirmed in the environment of a joint venture that is motivated by an initiative to comply with indigenisation legislation. From the data

in chapter five it became evident that *interpartner fit* is considered a most prominent category for a successful joint venture, but it was found that the impact of behavioural elements can mediate performance in a positive or negative direction. The data from the case study illustrated that the influences of the indigenisation requirements induce aspects into the IJV environment that are unique to the environment. The expectation of the level of *control* that is committed to by the different parties and to government is an important aspect to make provision for in the way the IJV is governed.

The role that the expectations of the different parent companies play, considering the individual private benefits that are targeted have been found to be not the only aspect that can put the IJV out of balance. The government's expectation is to fulfil the indigenisation expectation of management and *control* by the local parent company. There are therefore three parties involved and the balance of how the three parties behave to accommodate both the common benefit of the IJV and the intension of the legislation.

Behavioural constructs can change drastically or evolve over time. This creates unexpected influences on the way the IJV operates. *Conflict* can, as a construct, have a positive or negative correlation to success.

Chapter 7: Summary

7.1 Introduction.

This chapter highlights the major findings of the research that was conducted to consider the role of antecedents of performance of IJV's that are established due to indigenisation legislative reasons. The study consisted of data collected from a single case study and analysed through various theoretical lenses. The chapter makes recommendations to businesses managers and provides some input to government, based on the study's findings. Finally the limitations of the research are discussed and some proposals for future research are made.

7.2 Principle Findings

The study took place in the fashion of a single case study and although the findings cannot be extrapolated to all IJV's in the indigenisation environment, due to different scenarios, the results do provide some good information of the impact that might apply more universally. The correlation to literature with regards to behavioural antecedents provide some confirmation of the validity of the research.

7.2.1 Summary of Finding for Research Question 1

The relevance of the four behavioural constructs, *commitment*, *trust*, *co-operation* and *conflict* as antecedents to performance of IJV's in the environment of indigenisation legislation could be confirmed. Some elements include the role that contractual and strategic alignment elements have a unique influence on behavioural antecedents.

7.2.2 Summary of Finding for Research Question 2

It was found that the indigenisation regulations cause a unique set of requirements to allow for an IJV to be successful. Stresses do exist between the natural pursuit of private benefit by the partners and the requirement of government to empower indigenous individuals as illustrated in Figure 6-1. The unique factors that influence the environment call for constructive behavioural interaction and willingness of the parent companies to adapt to support a governance process where the management and control is shared and where both parents can actively engage in the process. Government also plays an oversight role therein if the indigenisation targets are to be achieved

7.2.3 Summary of Finding for Research Question 3

Most research in the field of antecedents to performance are cross sectional in nature. The consideration of the behavioural constructs relative to the life stages of the IJV

illustrate that constructs can be influenced either drastically or evolutionary as a reaction of either key milestones or as a result of continuous interaction as illustrated by Table 6.1.

7.3 Implications for Management

Although there is a lack of consensus on how the variety of elements influence the behavioural elements, the role that they play in mediating success have been relatively well established in literature. The case study confirmed the important role that behavioural constructs play in the environment of indigenisation. The fact that there are unique forces that play a role in the indigenisation environment, needs to be taken into account by entities in the structuring of a JV. If the dynamic nature of behavioural constructs could be considered in the planning phase of an alliance potential risks could be identified, and mitigation factors can be put in place. In order to create an environment where behavioural constructs can mediate a variety of elements towards a successful IJV throughout its life stages, it is not enough to consider constructs in a pre-alliance environment only. The potential changes throughout the life stages of the relationship need to be taken into account before engaging in the enterprise.

The study confirmed the important role of strategic alliance that influences the behavioural antecedents. If cognisance is taken on how behavioural constructs are influenced during the evaluation of synergies mitigating structural and contractual elements can be identified.

Government in its role to promote indigenisation objectives also need to take note of the different factors that influence the success of the initiative. The traditional gap in skills and resources naturally favour foreign parent dominance in control. The role players in an IJV of the nature under discussion have to take note of the unique requirements that will have to be addressed in this environment.

The implications of the findings affect three parties. The management of potential host parents and foreign parents are respectively affects in a different manner

7.3.1 Foreign Parent Companies

MNE's that aim to engage in JV's with host countries in compliance with indigenisation regulations by enhancing the business strategy to address the potential issues that might arise due to the legislative requirements. Over and above the traditional considerations of *Intrapartner characteristics* and *Interpartner fit*, the aspect allowance should be made

to accommodate an evolutionary process of management and control. The original IJV agreement might need to be set up in a way to accommodate such a change dynamic.

7.3.2 Host Country Parents

Potential host country parents need to understand that although legislation supports the transfer of management and control by empowerment parents, it will require a drive towards building skills and resources. The company needs to be aware of the possible skills and resource gap that exist between the two companies. Host countries need to negotiate the necessary mechanisms into the contract that will enable them to acquire the required means to play the active role in maximising both the common benefits of the alliance but also the private benefits that make the opportunity a proposition to the company.

7.3.3 Government

Government needs to be aware of the unique dynamics and the possible misalignment between parent companies. Oversight from a government perspective to consider the efficiency of legislation needs to get attention. Government also has to deal with the dilemma of dealing with the stresses between its own social tensions and the private benefits of both parents. Government in creating policies have to find a balance enforcing indigenisation legislation and the impact it have on the private benefits from MNE's to ensure that the it will still be attractive invest foreign capital in the host country.

7.4 Limitations of the Research

The limitations in the research include the following:

- The single case study is not representative of the entire population, but according to Saunders and Lewis (2012), the aim of a research study is not to produce a theory that is generalisable to the entire population but to try and explain on a high level what some of the key factors are that can influence the IJV in a certain environment.
- Although the IJV met the requirements as set out in the definition, the fact that both the parent companies had been involved in South Africa for many years might have influenced the data.
- .Considering that the interviews covered a period of eight years respondents could also have been exposed to a recall bias.

- The artificiality of the interview might have influenced the data, according to Meyers (2013, p125) the time pressure under which respondents have to create opinions can have an effect.

7.5 Suggestions for Future Research

During the research, the following opportunities for further research were identified:

1. During the research both *contractual elements* and *managerial characteristics* were identified as prominent factors that influence performance. Due to time constraints it was not possible to give credit to these categories in this study. Further research to consider the key success factors in these categories in an indigenisation environment might add value to literature
2. Considering the large amount of contradicting views between researchers on constructs that influence performance, further studies can be done on the categorisation of IJV's based on *Intrapartner characteristics* and *Interpartner fit* elements to enable the evaluation of constructs based on types of IJV's.
3. The case study investigated is based on a 50/50 shareholding. Further work in the field of the optimum shareholding in the indigenisation environment can provide valuable guidelines to both business and government.

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APPENDIX A: Interview Guide

The gathering of data from the relevant subjects will be conducted using a semi-structured interview technique (Saunders & Lewis, 2012). The interview will start with a free discussion about the concept of Antecedents of Performance in International Joint Ventures. The questions below is set up in a manner to generate the discussion regarding the relevant topics. An estimate of about five to seven minutes is allowed for each question. Considering some free discussion time and some follow up questions the interview is expected to last approximately one hour.

The respondents will receive by email an introductory note with a short description of what the interview is about. They will also receive a Life stage matrix of the JV that was developed. Each respondent will be quickly refreshed on the life stage model before the interview starts.

The initial questions is open ended and the student expect to possibly receive factors that are outside the scope of the literature. The questions is intentionally set up in that fashion to test if the constructs from the literature do feature strongly in the minds of the respondents. The questions are in general setup specifically not to be leading in nature and the student expect not to get complete answers from each respondent but rather the aspect he personally focus on. The student aim to get the fuller picture with the amount of interviews held.

The sequence of the appointment will be set out as follows:

1. Introductory informal discussion.
2. A quick introduction on the topic, definition of International Joint Venture and the context.
3. A explanation of the Consent form
4. A brief reflection on the Life stage matrix
5. Start the recording and the interview officially
6. Thus, the interview will be conducted using the following guiding questions, with follow up questions to guide the respondent within the framework of the topic.

Q1) *Please discuss the reason for the Joint Venture to come into existence?* The intend with the question is two-fold. Firstly to determine the alignment between managers about the reason for existence of the JV and secondly to determine how well acquainted the respondent is with the contexts of the business.

- Q2) *Please discuss what characteristics of the Joint Venture would you consider would make it unique if one would want to compare it with other International Joint Ventures and why?* This question will assist in getting context around many aspects of the case study, but will also inform about the respondents level of awareness of Joint Ventures in general.
- Q3) *Please discuss what are the criteria you would use to determine whether the Joint Venture is a success?* This question is stated in an open way as to determine the subjective view of management as to what they would consider as important. The student do expect to get a variety of different answers. The student expect the manager to compare it with the parent company's other operations, and will ask a follow up question if the respondent does not refer to it.
- Q4) *Please tell me how you would rate the performance of the Joint venture on a scale from one to five with: 1 = Failure, 2 = Unsatisfactory, 3 = Acceptable, 4 = above expectation, 5 = Excellent?* The aimed the question is to get a reference for how the performance is perceived. If the respondents are not satisfied in general with the performance the student will have to treat the study from a perspective of a non performing Joint Venture.
- Q5) *What are the main aspects that you would consider as key aspects to ensure success and support performance? Can you elaborate on each one of them to explain why you see them as important? The student need to keep note of the constructs mentioned and make sure that it is understood correctly. He then need to ask the next question based on them)*
- Q6) How would you consider each one of these have changed over the three periods in time and in your view, would you mention if any milestones impacted thereon?
- Variable 1 supplied by the respondent
 - Variable 2 supplied by the respondent
 - Variable 3 supplied by the respondent
 - Variable 4 supplied by the respondent
- Follow up questions will be asked to as how the subject define the variables and to get examples of what has changed
- Q7) *What is your view of the role that (The student would mention other Identified aspects not discussed) play in the success of the JV?* If the respondent would rate it as relevant the student should ask the link to the other and how it changed between

milestones – with examples. The student will test *conflict*, Cooperation, *commitment*, *trust*.

- Q8) Check any other aspects from the interview that the student need clarity on.
- Q9) Please discuss as per your experience anything else that you would like to add to assist in understanding how success of the JV is influenced?

The recording will be stopped. The student will ensure that he the consent form is signed by this time and that he can take it with.

APPENDIX B: Consent Form

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

CONSENT FORM

A case study on the antecedents to performance of International joint ventures

Researcher's name: Christoffel Petrus Prinsloo

MBA final year student at GIBS – UP

I am conducting research on the variables that impact on the success of International Joint Ventures. The research is in the form of a Case study and I gather Information from Board members and management of Jointco. I have acquired a confidentiality agreement that was signed by Director A (anonymised) (Parent 1 Jointco Board director) and Director B (anonymised) (Parent 2- Jointco (anonymised) board director)

Our interview is expected to last about one hour, and will help me understand better what variables play a key role in the success of a Joint Venture, how they interact and how these relations change over time. Please rest assured that all information will be treated as confidential, all data will be stored without any identifier whatsoever and only the researcher will know your position and name and the name of your organisation.

The contents of the interview may be made publicly available, in the form of an MBA thesis, without your name, position, organisation or any other personal details. If you have any concerns please feel free to contact me or my supervisor, whose details are provided below.

Researcher: Christof Prinsloo

Telephone: +27 (0)132635108 or +27 (0) 833046124

Email: christof.prinsloo@gmail.com

Research Supervisor: Marcus Carter

Email: Marcus_carter@hotmail.com

Gibs contact: Jennifer Mathebula

Email: MathebulaJ@ibs.co.za

Please initial the boxes below to acknowledge the present consent form.

1. I confirm that I understand what the research is about and have had the opportunity to ask questions.

2. I understand that my participation is voluntary and that I can withdraw at any time without giving a reason.

3. I agree to take part in the research.

4. I agree to my interview being audio recorded

5. I agree to the use of anonymised quotations in publications

Name of participant: _____

Signature: _____

Name of researcher: _____

Signature: _____

Date: _____

Please initial the boxes below to acknowledge the present consent form.

6. I confirm that I understand what the research is about and have had the opportunity to ask questions.

7. I understand that my participation is voluntary and that I can withdraw at any time without giving a reason.

8. I agree to take part in the research.

9. I agree to my interview being audio recorded

10. I agree to the use of anonymised quotations in publications

Name of participant: _____

Signature: _____

Name of researcher: _____

Signature: _____

Date: _____

APPENDIX C: Code book

Code Families

HU: My JV Thesis Atlas project V2
File: [C:\Users\ChristofP\Documents\MBA\A JV Thesis\Atlas Ti\My JV Thesis Atlas project V2.hpr7]
Edited by: C Prinsloo
Date/Time: 2015-11-06 10:08:22

Code Family: *ROB 3 Measuring Approach
Created: 2015-09-11 10:59:57 (Super)
Codes (0):
Quotation(s): 0

Code Family: *ROB Elements 14
Created: 2015-09-11 11:47:18 (Super)
Codes (16): [EXT indigenisation] [EXT Legal Rehabilitation] [EXT Legislation] [EXT Political] [IND *Private benefit] [IND common benefit] [IND Employment equity] [IND Enterprise development] [IND Knowledge transfer] [IND Management control] [IND Ownership] [IND Political connectedness] [IND Preferential procurement] [IND Skills development] [IND socioeconomic development] [Legal compliance]
Quotation(s): 31

Code Family: *ROBSON EL1-14)
Created: 2015-10-07 22:29:55 (Super)
Codes (78): [*JV internal relational dynamics] [*JV leadership vs Board leadership] [*JV vs Parent focus] [*Top Exec Relationships] [ANTEC Alliance Experience C] [ANTEC Bargaining Power R] [ANTEC Commitment C] [ANTEC Conflict C] [ANTEC Control] [ANTEC Cooperation C] [ANTEC Dominant Focal Control C] [ANTEC Dominant Foreign Control C] [ANTEC Goal compatibility R] [ANTEC International experience C] [ANTEC National Culture dist C] [ANTEC Organisational Culture C] [ANTEC Prior relationships C] [ANTEC Relatedness C] [ANTEC Size dissimilarities C] [ANTEC Trust] [BUSN *Business case] [BUSN *Parent business strategy] [BUSN *shareholders' models] [CHAR *50/50 JV] [CHAR *Finite business] [CHAR *Interpartner business overlap] [CHAR *Parent alignment] [CHAR Developing Countries] [CHAR IJV uniqueness] [CHAR Same commodity] [Common benefit] [Competitors] [Determination] [Emerging market] [Engagement] [EXT *economical] [EXT indigenisation] [EXT Legal Rehabilitation] [EXT Legislation] [EXT Political] [honesty] [IND *Private benefit] [IND common benefit] [IND Employment equity] [IND Enterprise development] [IND Knowledge transfer] [IND Management control] [IND Ownership] [IND Political connectedness] [IND Preferential procurement] [IND Skills development] [IND socioeconomic development] [INTEREST *Private benefit] [INTEREST Parent vs JV interests] [JV Independence] [Legal compliance] [MAN *management] [MAN* Leadership] [MECH Business model defined] [MECH Conflict resolution mechanisms R] [MECH Governance Framework] [MECH Processes] [Parent *Investment] [PARENT * Relationship maturity] [PARENT*Teamness] [PARENT*Transparency] [PEOPLE * Turnover] [PEOPLE *Shareholder representation] [PEOPLE *Talent] [PERF *Knowledge transfer] [Personnel experience] [Service level agreements] [STRAT Parent JV Strategic alignment] [STRAT Parent strategic alignment] [STRAT strategic control] [Synergies] [Termination] [Values]
Quotation(s): 479

Code Family: *Robson 4 construct types
Created: 2015-09-11 10:55:49 (Super)
Codes (0):
Quotation(s): 0

Code Family: Antecedents to performance
Created: 2015-08-09 14:12:20 (Super)
Codes (14): [ANTEC Alliance Experience C] [ANTEC Bargaining Power R] [ANTEC Conflict C] [ANTEC Dominant Focal Control C] [ANTEC Dominant Foreign Control C] [ANTEC Goal compatibility R] [ANTEC International experience C] [ANTEC National Culture dist C] [ANTEC Organisational Culture C] [ANTEC Prior relationships C] [ANTEC Relatedness C] [ANTEC Size dissimilarities C] [ANTEC Trust] [ANTECJustice R]

Quotation(s): 141

Code Family: Catalysts

Created: 2015-08-09 14:21:58 (Super)

Codes (7): [MAN *management] [MAN* Leadership] [MECH Business model defined] [MECH Catalyst] [MECH Conflict resolution mechanisms R] [MECH Governance Framework] [MECH Processes]

Quotation(s): 114

Code Family: Chrisoffersen model

Created: 2015-09-11 12:26:32 (Super)

Codes (14): [ANTEC Alliance Experience C] [ANTEC Commitment C] [ANTEC Conflict C] [ANTEC Cooperation C] [ANTEC Dominant Focal Control C] [ANTEC Dominant Foreign Control C] [ANTEC Goal compatibility R] [ANTEC International experience C] [ANTEC National Culture dist C] [ANTEC Organisational Culture C] [ANTEC Prior relationships C] [ANTEC Relatedness C] [ANTEC Size dissimilarities C] [ANTEC Trust]

Quotation(s): 203

Code Family: CONSTR TYPE Rob Antecedent

Created: 2015-09-11 10:48:05 (Super)

Codes (1): [ANTEC Relatedness C]

Quotation(s): 1

Code Family: EQ

Created: 2015-09-24 16:06:40 (Super)

Codes (3): [*JV internal relational dynamics] [*JV leadership vs Board leadership] [PARENT * Relationship maturity]

Quotation(s): 50

Code Family: Ethical Sphere

Created: 2015-09-24 17:14:41 (Super)

Codes (5): [*JV vs Parent focus] [ANTECJustice R] [honesty] [PARENT*Transparency] [Values]

Quotation(s): 43

Code Family: External

Created: 2015-08-09 14:26:19 (Super)

Codes (6): [BUSN *Opportunity costs] [EXT *economical] [EXT indigenisation] [EXT Legal Rehabilitation] [EXT Legislation] [EXT Political]

Quotation(s): 27

Code Family: IJV Characteristics

Created: 2015-08-09 14:21:33 (Super)

Codes (19): [*JV leadership vs Board leadership] [ANTEC Dominant Focal Control C] [ANTEC Goal compatibility R] [ANTEC National Culture dist C] [ANTEC Organisational Culture C] [ANTEC Size dissimilarities C] [ANTECJustice R] [BUSN *Business case] [CHAR *50/50 JV] [CHAR *Finite business] [CHAR *Interpartner business overlap] [CHAR *Parent alignment] [CHAR Developing Countries] [CHAR IJV uniqueness] [CHAR Same commodity] [EXT indigenisation] [EXT Legislation] [Parent *Investment] [Q2 Uniqueness of JV]

Quotation(s): 117

Code Family: indigenisation

Created: 2015-09-24 17:26:58 (Super)

Codes (16): [CHAR *50/50 JV] [CHAR Developing Countries] [Emerging market] [EXT indigenisation] [EXT Legislation] [IND *Private benefit] [IND common benefit] [IND Employment equity] [IND Enterprise development] [IND

Knowledge transfer] [IND Management control] [IND Ownership] [IND Political connectedness] [IND Preferential procurement] [IND Skills development] [IND socioeconomic development]
Quotation(s): 51

Code Family: Interview Questions

Created: 2015-08-09 14:21:06 (Super)

Codes (10): [Q2 Uniqueness of JV] [Q3 Performance measures] [Q4 Success rating 1-5] [Q5 Constructs for performance] [Q6 Participant construct evolution] [Q7a Conflict evolution] [Q7b Cooperation] [Q7c Commitment] [Q7d Trust] [Q8 General]

Quotation(s): 125

Code Family: IPO INPUT

Created: 2015-09-11 11:43:08 (Super)

Comment:

Codes (39): [*JV leadership vs Board leadership] [*Unconditional requirement] [ANTEC Control] [ANTEC Goal compatibility R] [ANTEC International experience C] [ANTEC Organisational Culture C] [ANTEC Relatedness C] [ANTEC Size dissimilarities C] [BUSN *Parent business strategy] [BUSN *shareholders' models] [Change] [CHAR *50/50 JV] [CHAR *Interpartner business overlap] [CHAR *Parent alignment] [CHAR Developing Countries] [CHAR IJV uniqueness] [CHAR Same commodity] [Determination] [Engagement] [EXT *economical] [honesty] [IND common benefit] [IND Employment equity] [IND Ownership] [JV *Culture] [MECH Business model defined] [MECH Conflict resolution mechanisms R] [MECH Governance Framework] [MECH Processes] [Misalignment] [Parent *Investment] [PARENT * Relationship maturity] [PARENT*Transparency] [PEOPLE *Talent] [PERF *production targets] [Personnel experience] [Synergies] [Termination] [Values]

Quotation(s): 319

Code Family: IPO Output

Created: 2015-09-11 11:43:33 (Super)

Codes (29): [*Top Exec Relationships] [BUSN *Cost] [Common benefit] [IND *Private benefit] [IND common benefit] [IND Enterprise development] [IND Knowledge transfer] [IND Ownership] [IND Political connectedness] [IND Preferential procurement] [IND Skills development] [IND socioeconomic development] [INTEREST *Private benefit] [PARENT Assurance] [PARENT*Teamness] [PERF * operational performance - efficiencies] [PERF * Own Identity] [PERF * Project implementation targets] [PERF *Knowledge transfer] [PERF Financial performance] [PERF Knowledge transfer] [PERF Objectives] [PERF People development] [PERF Satisfaction] [PERF Shareholder commitment] [PERF Stability] [PERF Strategic alignment] [PERF Survival] [STRAT Parent strategic alignment]

Quotation(s): 153

Code Family: IPO Process

Created: 2015-09-11 11:43:22 (Super)

Codes (10): [*JV internal relational dynamics] [Change] [CHAR *Parent alignment] [IND Management control] [MAN *management] [MAN* Leadership] [MECH Catalyst] [MECH Conflict resolution mechanisms R] [MECH Processes] [Support vs Governing]

Quotation(s): 97

Code Family: Leadership

Created: 2015-09-24 16:06:25 (Super)

Codes (7): [*JV leadership vs Board leadership] [Determination] [Engagement] [honesty] [PARENT * Relationship maturity] [PARENT*Teamness] [Values]

Quotation(s): 87

Code Family: Organisational Theories

Created: 2015-08-09 14:17:26 (Super)

Codes (3): [ORG TH Agency Theory] [ORG TH Resource based Theory] [ORG TH Transaction Cost Theory]

Quotation(s): 3

Code Family: Participant constructs

Created: 2015-10-07 13:18:06 (Super)

Codes (7): [Participant Construct 1] [Participant construct 2] [Participant construct 3] [Participant Construct 4] [Participant construct 5] [Participant Construct 6] [Participant Construct 7]

Quotation(s): 88

Code Family: Participants

Created: 2015-08-09 14:21:15 (Super)

Codes (16): [PCF Participant1] [PCF Participant2] [PCF Participant3] [PCF Participant4] [PCF Participant5] [PCF Participant6] [PCF Participant7] [PCF Participant8] [PCL Participant1] [PCL Participant2] [PCL Participant3] [PCL Participant4] [PCL Participant5] [PCL Participant6] [PCL Participant7] [PCL Participant8]

Quotation(s): 0

Code Family: People

Created: 2015-09-24 17:29:41 (Super)

Codes (2): [PEOPLE *Shareholder representation] [PEOPLE *Talent]

Quotation(s): 55

Code Family: Performance

Created: 2015-08-09 14:22:58 (Super)

Codes (21): [PERF * operational performance - efficiencies] [PERF * Own Identity] [PERF * Project implementation targets] [PERF *Knowledge transfer] [PERF *production targets] [PERF *Safety] [PERF Financial performance] [PERF Knowledge transfer] [PERF measures the same] [PERF Objectives] [PERF People development] [PERF rating - 3,5] [PERF Rating - 5] [PERF rating 4] [PERF rating 4,5] [PERF relationship building] [PERF Satisfaction] [PERF Shareholder commitment] [PERF Stability] [PERF Strategic alignment] [PERF Survival]

Quotation(s): 77

Code Family: Proposition1 - Behavioural

Created: 2015-10-07 13:40:17 (Super)

Codes (67): [*JV leadership vs Board leadership] [*JV vs Parent focus] [ANTEC Alliance Experience C] [ANTEC Bargaining Power R] [ANTEC Commitment C] [ANTEC Conflict C] [ANTEC Control] [ANTEC Cooperation C] [ANTEC Dominant Focal Control C] [ANTEC Dominant Foreign Control C] [ANTEC Goal compatibility R] [ANTEC International experience C] [ANTEC National Culture dist C] [ANTEC Organisational Culture C] [ANTEC Prior relationships C] [ANTEC Relatedness C] [ANTEC Size dissimilarities C] [ANTEC Trust] [ANTECJustice R] [BUSN *Business case] [BUSN *Cost] [BUSN *Opportunity costs] [BUSN *Parent business strategy] [BUSN *shareholders' models] [CHAR *Parent alignment] [Common benefit] [Determination] [Engagement] [EXT *economical] [honesty] [IND *Private benefit] [IND common benefit] [INTEREST *Private benefit] [INTEREST Parent vs JV interests] [JV *Culture] [JV *Interest- first priority] [JV Independence] [MAN *management] [MAN* Leadership] [MECH Conflict resolution mechanisms R] [MECH Governance Framework] [MECH Processes] [Misalignment] [Parent *Investment] [PARENT*Teamness] [PARENT*Transparency] [Participant Construct 1] [Participant construct 2] [Participant construct 3] [Participant Construct 4] [Participant construct 5] [Participant Construct 6] [Participant Construct 7] [PEOPLE *Shareholder representation] [PEOPLE *Talent] [PERF * Own Identity] [PERF *Knowledge transfer] [PERF relationship building] [PERF Strategic alignment] [Personnel experience] [Q5 Constructs for performance] [STRAT Parent JV Strategic alignment] [STRAT Parent strategic alignment] [STRAT strategic control] [Support vs Governing] [Synergies] [Values]

Quotation(s): 476

Code Family: Reasons for JV existence

Created: 2015-08-09 14:35:09 (Super)

Codes (0):

Quotation(s): 0

Code Family: Relationship

Created: 2015-09-24 16:06:34 (Super)

Codes (13): [*JV internal relational dynamics] [*JV leadership vs Board leadership] [*JV vs Parent focus] [ANTEC Commitment C] [ANTEC Conflict C] [ANTEC Cooperation C] [ANTEC Relatedness C] [ANTEC Trust] [ANTECJustice R] [honesty] [PARENT * Relationship maturity] [PARENT*Teamness] [PERF Shareholder commitment]

Quotation(s): 200

Code Family: ROB Antecedent

Created: 2015-09-11 10:51:55 (Super)

Codes (0):

Quotation(s): 0

Code Family: ROB Background

Created: 2015-09-11 10:51:21 (Super)

Codes (0):

Quotation(s): 0

Code Family: ROB Core

Created: 2015-09-11 10:52:32 (Super)

Codes (0):

Quotation(s): 0

Code Family: ROB EL 10 Human resources

Created: 2015-09-11 11:09:17 (Super)

Codes (3): [PEOPLE * Turnover] [PEOPLE *Shareholder representation] [PEOPLE *Talent]

Quotation(s): 56

Code Family: ROB EL 2 Inter partner fit

Created: 2015-09-11 11:01:28 (Super)

Codes (22): [*JV internal relational dynamics] [*Top Exec Relationships] [ANTEC Bargaining Power R] [ANTEC Goal compatibility R] [ANTEC National Culture dist C] [ANTEC Organisational Culture C] [ANTEC Prior relationships C] [ANTEC Relatedness C] [ANTEC Size dissimilarities C] [CHAR *Interpartner business overlap] [CHAR *Parent alignment] [CHAR Same commodity] [Common benefit] [Competitors] [honesty] [PARENT * Relationship maturity] [PARENT*Teamness] [PARENT*Transparency] [STRAT Parent JV Strategic alignment] [STRAT Parent strategic alignment] [Synergies] [Values]

Quotation(s): 194

Code Family: ROB EL 3 Venture demographics

Created: 2015-09-11 11:02:08 (Super)

Codes (3): [CHAR Developing Countries] [CHAR IJV uniqueness] [Emerging market]

Quotation(s): 4

Code Family: ROB EL 4 Contractual Elements

Created: 2015-09-11 11:02:41 (Super)

Codes (7): [CHAR *50/50 JV] [CHAR *Finite business] [MECH Business model defined] [MECH Conflict resolution mechanisms R] [MECH Governance Framework] [Service level agreements] [Termination]

Quotation(s): 106

Code Family: ROB EL 5 Managerial characteristics

Created: 2015-09-11 11:03:13 (Super)

Codes (8): [*JV leadership vs Board leadership] [Determination] [Engagement] [MAN *management] [MAN* Leadership] [MECH Processes] [PEOPLE *Talent] [Personnel experience]

Quotation(s): 97

Code Family: ROB EL 6 Control and supervision

Created: 2015-09-11 11:06:30 (Super)

Codes (6): [ANTEC Control] [ANTEC Dominant Focal Control C] [ANTEC Dominant Foreign Control C] [INTEREST Parent vs JV interests] [JV Independence] [STRAT strategic control]

Quotation(s): 66

Code Family: ROB EL 7 Project specific Relational Aspects

Created: 2015-09-11 11:07:21 (Super)

Codes (4): [ANTEC Commitment C] [ANTEC Conflict C] [ANTEC Cooperation C] [ANTEC Trust]

Quotation(s): 162

Code Family: ROB EL 8 Organisational Learning

Created: 2015-09-11 11:07:56 (Super)

Codes (2): [IND Knowledge transfer] [PERF *Knowledge transfer]

Quotation(s): 6

Code Family: ROB EL 9 R&D and technology

Created: 2015-09-11 11:08:39 (Super)

Codes (0):

Quotation(s): 0

Code Family: ROB EL1 Intrapartner characteristics

Created: 2015-09-11 11:01:05 (Super)

Codes (9): [*JV vs Parent focus] [ANTEC Alliance Experience C] [ANTEC International experience C] [BUSN *Business case] [BUSN *Parent business strategy] [BUSN *shareholders' models] [INTEREST *Private benefit] [INTEREST Parent vs JV interests] [Parent *Investment]

Quotation(s): 46

Code Family: ROB EL11 Production

Created: 2015-09-11 11:09:42 (Super)

Codes (0):

Quotation(s): 0

Code Family: ROB EL12 Marketing

Created: 2015-09-11 11:10:07 (Super)

Codes (0):

Quotation(s): 0

Code Family: ROB EL13 Industry characteristics

Created: 2015-09-11 11:11:18 (Super)

Codes (1): [EXT *economical]

Quotation(s): 11

Code Family: ROB EL14 Regulatory requirements

Created: 2015-09-11 11:42:26 (Super)

Codes (16): [EXT indigenisation] [EXT Legal Rehabilitation] [EXT Legislation] [EXT Political] [IND *Private benefit] [IND common benefit] [IND Employment equity] [IND Enterprise development] [IND Knowledge transfer] [IND

Management control] [IND Ownership] [IND Political connectedness] [IND Preferential procurement] [IND Skills development] [IND socioeconomic development] [Legal compliance]
Quotation(s): 31

Code Family: ROB MA Procedural factors
Created: 2015-09-11 10:58:14 (Super)
Codes (0):
Quotation(s): 0

Code Family: ROB MA strategic factors
Created: 2015-09-11 10:58:41 (Super)
Codes (1): [Misalignment]
Quotation(s): 2

Code Family: ROB MA Structural factors
Created: 2015-09-11 10:57:50 (Super)
Codes (1): [JV Life stage]
Quotation(s): 4

Code Family: Robson 14 elements
Created: 2015-10-07 22:23:06 (Super)
Codes (0):
Quotation(s): 0

Code Family: Strategy
Created: 2015-09-24 17:25:20 (Super)
Codes (4): [Misalignment] [STRAT Parent JV Strategic alignment] [STRAT Parent strategic alignment] [STRAT strategic control]
Quotation(s): 73

APPENDIX D: Interview responses per Robson's categories

Element	Parent 1		Parent 2		Totals:	
	n	%	n	%	n	%
ROB EL 2 Inter partner fit	92	25%	102	24%	194	25%
ROB EL 7 Behavioural	90	25%	87	20%	177	22%
ROB EL 4 Contractual Elements	49	13%	57	13%	106	13%
ROB EL 5 Managerial characteristics	36	10%	61	14%	97	12%
ROB EL 6 Control and supervision	26	7%	39	9%	65	8%
ROB EL 10 Human resources	25	7%	29	7%	54	7%
ROB EL1 Intrapartner characteristics	19	5%	27	6%	46	6%
ROB EL14 Regulatory requirements	18	5%	13	3%	31	4%
ROB EL13 Industry characteristics	7	2%	4	1%	11	1%
ROB EL 8 Organisational Learning	1	0%	5	1%	6	1%
ROB EL 3 Venture demographics	2	1%	2	0%	4	1%
ROB EL 9 R&D and technology	0	0%	0	0%	0	0%
ROB EL11 Production	0	0%	0	0%	0	0%
ROB EL12 Marketing	0	0%	0	0%	0	0%
TOTALS:	365	100%	426	100%	791	100%

APPENDIX E: Turnitin originality report

Turnitin Originality Report Results:

MBA Research Report 2015 - CPPrinsloo by Christof Prinsloo

From Test your originality (GIBS Information Center)

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Word Count: 40991

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Turnitin Originality Report									
MBA Research Report 2015 - CPPrinsloo by Christof Prinsloo	<table border="1"> <thead> <tr> <th colspan="2">Similarity by Source</th> </tr> </thead> <tbody> <tr> <td>Internet Sources:</td> <td>11%</td> </tr> <tr> <td>Publications:</td> <td>7%</td> </tr> <tr> <td>Student Papers:</td> <td>8%</td> </tr> </tbody> </table>	Similarity by Source		Internet Sources:	11%	Publications:	7%	Student Papers:	8%
Similarity by Source									
Internet Sources:	11%								
Publications:	7%								
Student Papers:	8%								
From Test your originality (GIBS Information Center)	<table border="1"> <thead> <tr> <th colspan="2">Similarity Index</th> </tr> </thead> <tbody> <tr> <td colspan="2" style="text-align: center;">12%</td> </tr> </tbody> </table>	Similarity Index		12%					
Similarity Index									
12%									
Processed on 07-Nov-2015 18:50 SAST ID: 537068718 Word Count: 40991									
sources:									
1	< 1% match (Internet from 03-May-2013) http://onlinelibrary.wiley.com/doi/10.1111/j.1468-2370.2012.00335.x/full								
2	< 1% match (student papers from 23-Sep-2015) Submitted to Regenesys Business School on 2015-09-23								
3	< 1% match (Internet from 04-Apr-2010) http://journals.aonline.org/amp/samplearticles/May%2009%20Managing%20Joint%20Ventures%20by								
4	< 1% match (publications) De Meuse, Kenneth P., Mitchell Lee Marks, and Guangrong Dai. "Organizational downsizing, mergers and acquisitions, and strategic alliances: Using theory and research to enhance practice." APA handbook of industrial and organizational psychology Vol 3 Maintaining expanding and contracting the organization, 2011.								
5	< 1% match (student papers from 28-Jan-2014) Submitted to University of Pretoria on 2014-01-28								

APPENDIX F: Ethics committee approval letter

Gordon Institute of Business Science University of Pretoria

Dear Christoffel Prinsloo

Protocol Number: **Temp2015-01030**

Title: **THE LIFE STORY OF ANTECEDENTS TO PERFORMANCE OF ONE JOINT VENTURE**

Please be advised that your application for Ethical Clearance has been APPROVED.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards,

Adele Bekker