Learning from Failure: A Case Study of International Joint Venture Performance

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Summary

This paper examines the causes of international joint venture (IJV) failure, focusing on the case of a failed IJV between a US industrial company and a Saudi Arabian conglomerate from the perspective of the Saudi partner. Our objective was to identify factors leading to the failure of this IJV and examine these in relation to existing research, which tends to include only the western partner's perspective. Data were collected via semi-structured interviews with relevant senior management, supplemented by an indicative questionnaire and an examination of historical company records. Analysis facilitated by NVivo identified a number of key issues including the importance of developing, and building on, early stage trust and the apparent low emphasis placed by Saudi management on the role of cultural differences in precipitating failure. This contrasts with existing research and suggests a number of areas worthy of further study.

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Introduction

Managing an IJV is difficult. Success depends upon the working relationship between at least two partners, who often differ on how the organisation should run, leading to almost inevitable conflict (Beamish, 1985; Lu, 2006; Killing, 2012). The subject of IJV performance, and what causes them to succeed or fail, has been the subject of extensive research over many years. There exists, however, little consensus on a meaningful definition of performance or how to measure it (Beamish and Lupton, 2009). Deciding what factors affect IJV performance has generated considerable disagreement amongst management scholars, creating a highly fragmented and divided academic landscape (Ren et al, 2009). Research has shown distinct variance in how certain performance factors behave depending on context (Robson, Leonidou, and Katsikeas, 2002).

The survival of an IJV can be considered to be the clearest sign of IJV success. Longevity of a partnership indicates that partners have navigated through difficulties normally associated with the life cycle stages of set up, implementation and the achievement of commercial success (Harrigan, 1986; Inkpen and Beamish, 1997; Steensma and Lyles, 2000; Makino et al, 2007). If longevity indicates business success, it is reasonable to suggest that termination must be a sign of failure. This assumption, however, fails to consider that not all IJVs are terminated due to business failure (Makino et al, 2007). For example, if partners have achieved their intended objective, such as the construction of a building or a particular financial transaction, termination may be a successful outcome. This is different from an unintended termination, which can be precipitated by both internal and external conditions and result in the dissolution of the IJV. Internal conditions include inter-partner conflict, management failure, or the buy-out of the business by a partner or another firm. External conditions comprise issues such as competition, economic or regulatory factors, can adversely affect the continuance of the business causing its dissolution (Makino et al, 2007). In this paper we examine a case study of unintended termination and consider what lessons can be learnt from it.

The case in question is a failed IJV with a Saudi Arabian conglomerate. Data were collected through semi-structured interviews with senior management representatives of the subject company, representing the bedrock of this qualitative study. In addition, historical company records were used to complement the interview data. Data were also collected from a questionnaire survey of the respondents, but this was primarily used to complement the qualitative data already collected by providing an element of triangulation.

After a review of relevant literature on IJV performance, findings are presented in a format that outlines the case around key IJV performance areas that emerged from both existing literature and the primary data from respondents. Two key outcomes are of note. First, respondents placed little emphasis on the role of national cultural differences in the difficulties that emerged; and second, the apparent importance and overarching nature of trust underpinning all other aspects of the IJV. A number of lessons for practitioners are also considered.

Literature

Disagreements between IJV partners are all too common as different individuals attempt to form a working partnership, often with marked differences in goals, motives, national and organisational cultures, resulting inevitably in conflict (e.g. Fey and Beamish, 2001; Steensma and Lyles, 2000; Le Nguyen and Larimo, 2011). The compatibility of the partners in task-related characteristics, such as complementary resources and skills and partner-related characteristics, such as joint commitment to the success of the business, shared goals and agreement on how the business will be controlled, can significantly reduce conflict (Lu, 2006; Le Nguyen and Larimo, 2011). On the other hand, if goals become misaligned to the extent that one partner, who holds firm views on goals, values and aims, believes that the other partner is interfering with the attainment of these aspirations, it is inevitable that conflict will occur (Dirks and Parks, 2003).

Having a sound business case and strategy for entering the market, underpinned by strong market research is shown by research as a key factor that affects the success or failure of an IJV at formation. In concert with this is the selection of the right partner with a close strategic fit who has compatible skills and shares the same ambitions and goals for the business (Beamish and Lupton, 2009: Killing, 2012).

The early stage of agreeing to work together when entering the negotiation stage is seen as of critical importance to success. Adopting an honest and fair approach to negotiation; reaching early commitment to exchanging intelligence, resources, equity, how the business will be managed and controlled and establishing shared goals for the business leads to the creation of early stage trust, considered a key element in building a successful business (Beamish, 1987; Cummings & Holmberg, 2009; Isidor et al, 2012).

The tenor of a partnership and the creation of early stage trust can be established by adopting an open and honest approach to negotiation (Beamish and Lupton, 2009). Displaying a willingness to establish fairness in the way the business should be managed; agreeing a shared vision for the business; establishing common goals; a willingness to share knowledge; agreeing how control will be implemented; and adopting a cooperative solution-based approach to conflict resolution, can create the growth of early stage trust and joint commitment to future business success. In addition, the more experience a firm has of forming and managing IJVs, the more likely they will possess the competence to anticipate the difficulties of entering a new foreign market, build sustainable working relationships with new partners and, the more experience they have, the higher the level of potential IJV performance (Barkema et al, 1997; Sim and Ali, 1999; Lu, 2006).

The balance of partners' bargaining power can also affect the performance of IJVs. Bargaining power is determined by the strengths and weaknesses of the partners and the partners' contribution to the business, such as who controls resources or holds strategic advantage within the partnership, or the urgency of one party for the cooperation of the other (Harrigan and Newman, 1990; Yan and Gray, 2001). The partner who holds dominant power will be able to determine the strategic direction of the business, secure personal goals and directly influence the achievement of desired performance as the power that is held translates into tangible control over the partnership (Inkpen and Beamish, 1997; Zhang and Li, 2001).

Existing research indicates that cultural distance has a negative influence on IJV performance, creating communication problems, misunderstandings and conflict (e.g. Lane and Beamish, 1990; Lin and Germaine, 2011; Shenkar, 2001; Mohr and Puck, 2013). Other research has shown that the risks associated with cultural distance have influenced certain parental organizational behaviours, such as imposing more parental control over the IJV business and resources to protect themselves (Beamish and Banks, 1987).

Saudi Arabia, in common with other Arab countries, is a complex society with a collectivist culture that is very different to the west (Hofestede et al, 1991). Prior research suggests that understanding the Saudi people, their culture and methods of doing business is important for anyone from the west seeking to establish a successful partnership there. Literature relating to Arab based IJVs indicate that cultural differences are a major cause of relationship problems between the partners, exacerbated by such issues as the extent of cooperation between parents, who controls the venture, how resources and knowledge will be shared and how conflict is resolved, all of which have a significant effect on partner trust and commitment (Sim and Ali, 1998). The importance of relationships and relationship-based trust within Arab culture appears frequently in the literature. The culture of doing business in Arab countries is based on forming a strong relationship leading to trust and this is considered more important than a partner’s technical or task related attributes (Adnan et al, 2011).

In emerging economies, most research into IJVs has been conducted from the parent company’s perspective, normally ‘western’ companies from Europe or the US and there is a strong correlation on what factors affect IJV performance from research in IJVs involving partners from emerging economies and those from the west. Research conducted into IJV performance involving western and Saudi Arabia partners is scant and tends to examine only the western partners perspective. Previous research has concluded that differences in cultural background have a negative impact on performance, are the main cause of conflict and the biggest threat to the venture’s survival (e.g. Fatani, 1994; Noer et al, 2007; Al Ghamdi, 2010). This paper examines a failed IJV from the Saudi partner’s perspective, and thus may provide insights contrary to findings in existing literature.

Methods

The case presented in this paper is that of a failed IJV between a Saudi Arabian conglomerate and a US organisation. Data were collected exclusively from employees of the Saudi Arabian conglomerate. Management of the Saudi IJV requested that names of participating organisations and personnel be kept anonymous.

The owner and Chairman of the group offered unrestricted and full access to management and data to enable the research to be conducted. Respondents were senior members of the management team in leading roles for the IJV, selected through discussion with the Board of Directors. Almost all participants were working with the IJV since the beginning of the venture and were able to comment authoritatively on life cycle stages from formation through to implementation. There were 18 respondents representing the companies that make up the case studies.

Data were collected mainly using semi-structured interviews supported by questionnaires and historical data on the IJVs performance. Interviews were recorded with respondents' permission and then transcribed. A deliberately informal style of questioning was used with only simple 'bullet-point' aide memoires used to guide the conversation through a series of relevant, pre-selected topics. Interviews were conducted between March and July 2018, by Skype video link, which was agreed as most efficient as respondents were spread across multiple geographic locations.

For the collection of certain specific data lending itself to more rigid response criteria, supplementary questionnaires were used. These provided descriptive statistics as back-up data and to triangulate results from the interviews.

Data analysis was based on the grounded theory method of searching for themes, coding and categorising data (Strauss and Corbin, 1994). Key passages from transcripts were coded and stored within identified categories, mainly chosen by referencing them to definable IJV performance categories, then memos written to describe key events. Other important data collected were coded and categorized in the same way. NVivo was used as the main tool to transcribe, store, and analyse data. Patterns and themes were identified from the analysis of the data and then synthesized.

Case Study Analysis

The IJV in question was between a Saudi Arabian conglomerate and a US industrial group, created to supply industrial water pumps to the Saudi oil and gas sector. The IJV, established as a single market operation concentrating only on Saudi Arabia, had around 150 employees in Saudi Arabia and a network of operations throughout the Middle East Region. The case report is structured around key areas that have been identified in extant literature as important for IJV performance and success. These are strategic fit, negotiation and early stage trust, partner experience, cultural difference, shared goals and commitment, control and bargaining power, and management of conflict.

Strategic Fit

The Saudi company had won a major contract from the Saudi Government for the supply of pumps to extract deep lying water located in the oil field drill sites. The Saudi company did not have the pumps suitable for this kind of work and needed to find a partner that could provide them. The US pumps manufacturer planned to expand their operations in the Middle East by gaining access to the Saudi national oil company.

Therefore, a partnership between the two seemed to be a close strategic fit.

“The type of pumps we had been contracted by the Government to provide wouldn’t go down deeply enough and the water was very hot and corrosive at that depth and the only pumps we could find that we go down deeper and provide a long life in corrosive and high temperature environments were oil field pumps generally used for extracting oil… So, we formed a partnership with (the pump manufacturer) (to) supply oilfield pumps and spent considerable resource (to enable the supply) of a large number of (water) pumps…to the Government…”

Negotiation and Establishing Early Stage Trust

It became clear at an early stage that both parties were struggling to achieve any meaningful agreement on a joint vision and goals for the business, how resources would be deployed and how the business would be managed. It seemed that the partners failed to establish any meaningful trust at the formative stage and the Saudi partner was concerned that there was a lack of transparency and openness in the way their new partner was conducting negotiations.

“I was actually involved with the IJV from the very first day… it was never a trusting working relationship. We never felt comfortable with them although we did have a reasonable rapport with some of the American staff, and then it was changed, and the Americans were kept out of the picture and were replaced by people from the ME and Asia…they were in bed with the Jordanian and Palestinian group (part of the USA company) and began to work for their own ends. It illustrated to us that unless you have a relationship based on solid high moral standing and aligned business goals it is never going to work.”

Trust between the partners did not improve as negotiations continued and although an agreement was reached it appeared to be fragile and, from the Saudi perspective, not built on solid foundations of joint commitment to mutual goals nor established in a transparent and honest way.

“… if you contrast (this partnership) with our other IJVs … there was a very strong foundation of trust stablished between (our other) partners from an early stage and there has been an ongoing honest, fair and transparent method of working which was very successful. And here we have (the US company) who adopted the opposite path”

Soon after the partnership was formed, the US partner appeared to pursue individual goals at the expense of the partnership and did not communicate openly with their Saudi partner, leading to conflict and further erosion of the relationship.

“They never really established the foundations of honesty and transparency that are essential to allow trust to take root… if they could make a swift killing on a particular day they would take advantage of that, they were not in it for the long term relationship.”

It was evident that the US partner saw the relationship differently from their Saudi partner. They had built their business in the Middle East through agencies where they were seeking only introductions to businesses that would buy their products. The Saudi company never felt that they were treated as true equal partners and the relationship developed along individualistic lines with the result that their relationship started to seriously deteriorate.

“You have to remember that in those days the Saudis were only agents. They could open doors, but he couldn’t do anything himself. So, the relationship with (the US company) was based on them treating us as only an agent, not worth telling us what was going on or investing time fostering the relationship. So, we never formed a strong bond with the senior management.…they are very secretive, they don’t share information easily so there was never trust between us, and never any transparency or openness in the relationship’

This situation indicated that the partners had not selected each other very carefully and had they managed partner selection more carefully this situation could have been avoided. This matter was raised during the study.

“…they didn't, nor in fact did we, do a very thorough job of researching the necessary factors. All you could say in their defence was that they really didn't want a partnership but an agent that could grease the wheels where necessary. But they fell into this … agreement that was derived from high volumes of water pumps sales. And they certainly didn't recognise the potential to them of forming a deeper and closer relationship with (our group).”

Partner Experience

In this particular IJV both partners were experienced but that experience was of different types of collaborations. The Saudi company had experience of numerous IJV partnerships and saw the qualities of honesty, fairness, openness and shared value, commitment and goals for the business as essential to IJV success. They eventually concluded that their partner did not share these qualities and they came to learn that their partner was seeking a very different relationship built on an agency arrangement, where the~~y~~ US company had experience. As both travelled along different routes within the partnership, trust eroded to the point that the partnership would eventually break down.

“I think (our Group) takes its lead from our Chairman and his brother (the Group CEO) who are both honourable and honest men. They believe in fairness, justice, transparency and treat people well. They (and our group) have a lot of experience in IJVs and that has come through in the way we approach partnerships, just as you described in your question, and as I answered in the questionnaire. That is why the partnerships, like (the other IJVs) have been so successful and with little or no conflict. So, if the opposite is the case, and one partner is unfair, or puts his interests above the JV, is not transparent and honest, then the partnership is doomed to failure.”

Cultural Difference

The management of the Saudi company did not feel that national cultural differences played a major part in the failure of this venture.

“…the people who were running the business in the 1980's were all educated abroad, the USA, UK, Switzerland and so on. And their sons and daughters might have been educated in Saudi in the meantime. … the population has been subjected to greater western exposure through the internet etc. so cultural differences were not a major factor in this situation”

Organisational culture was thought to be more of an issue than national cultural differences, and the secretive way in which information was treated, the lack of transparency and openness were key factors in the difficulties the partners encountered. These behaviours have already been documented.

The Saudi and US partners of the IJV studied did not succeed in establishing a relationship based on openness, honesty, fairness and a shared vision for the business at the formative stage. The result was a failure to create early stage trust. Whilst they emerged from the negotiation process with a partnership agreement, the Saudi company moved into the implementation of the new partnership not fully trusting their new partners and the US company considered the agreement as another agency and did not appear to treat the Saudi company as equal partners.

Shared Goals and Commitment

It appears that such criteria as the establishment of commitment to the business, shared goals, and agreement to sharing resources was not established at the formative stage of the venture and the study has shown that no real progress in this area was achieved as they entered the implementation stage.

"A JV can only work if there is mutual benefit. If one partner is using it to get access to technology he doesn't have, or he is using it for a reason that's not beneficial to the JV then the relationship will never work. The JV itself is a living entity and has its own rights, and reasons to survive and if the shareholders of that entity start playing with those rights then the death of the JV is predictable… (the US company) never really stablished the foundations of honesty and transparency that are essential to allow trust to take root…The No 1 reason of course is that the business objectives of both sides were not aligned, and there are many examples you can choose. Of course, there are many firms who go into a JV knowing the partners goals are not aligned but do it anyway to secure new technology, market access, or knowledge of some description. But as long as the reasons to form the partnership in the first place are valid, that the partners vision and goals are aligned, and there is fairness in the way resources are deployed, the benefits of the business are shared fairly, there is an open and transparent relationship between the partners then trust forms and evolves and if there is trust then the partnership has a great chance of achieving success… No, it was never a trusting working relationship. We never felt comfortable with them."

"the moment the partners have different objectives it's the beginning of the end for the JV. It's actually like a marriage, from the day the husband and the wife do not share a vision for the marriage, the future of the children, their lives together, then it's really the end."

Control and Bargaining Power

The Saudi Company had considerable strength in, and knowledge of, the local market, significant resources and commercial influence with the national oil company. The US Company had the product sought by the Saudi company and its Government client and considerable resources to utilise in building the business in Saudi Arabia.

"We set up the management controls through a Board, Exco (Executive Committee) and clearly defined management roles on the ground with Saudi personnel working hand in hand with western people. In terms of the day to day running of the business, (our partner) as the specialists puts more into the partnership as we are the local industry specialists in the JV. Looking at the JV as a balance between the two partners, we have local knowledge and an effective distribution network across Saudi, and they had the products and expertise to deliver to the market."

This balance of power was recognised by the Saudi company and they felt that a 50/50 partnership would be the best way to move forward and that was what was established. Control was jointly managed through a Board and Executive Committee, who reported to the board on a monthly basis. As to who should exercise management control, day to day control was initiated through the USA partner, who had the experience of the product and its application although it was agreed that at Board level the Chairman of the Saudi partner would have a casting vote in the event of deadlock.

"…we were determined to create the JV as a partnership of equals, but that did not work as our partner tended to do his own thing with little in the way of advice or communication. In fact, the partnership became a company of two parts, each operating almost independently of the other, then we found that our partner was going behind our backs to try and get business for personal gain."

"(Our partner) never really established the foundations of honesty and transparency that are essential to allow trust to take root. (they) were predatory and if they could make a swift killing on a particular day they would take advantage of that… they were not in it for the long term relationship."

As the partnership evolved through the operational stage there were several incidences of self-interested market dealings by the US company that were discovered by the Saudi partners and this inevitably led to conflict and further damage to the relationship between the partners.

Conflict

The study showed that goal incongruity between the partners, a lack of joint commitment to the success of the business and behaviour that suggested that business dealings were being conducted with a lack of transparency and openness led to numerous incidences of conflict and a continued erosion of trust. There was never any formal conflict resolution strategy agreed that would help resolve differences between partners. Finally, the relationship between the partners was to plummet to a new low shortly after the Saudi oil company announced that it was issuing a major tender for pumps required for 100 oil fields. The Saudi company-US company IJV were the front runner for the contract. But the US company had, without the knowledge of their partner, formed a new partnership with another Saudi company. They then made an approach to the oil company behind their partner's back and attempted to acquire the contract for the new partnership they had just formed. The CEO of the Saudi oil company, a friend of the Saudi company Chairman, informed him of the approach and the resulting conflict that arose between the two partners would lead to the break-up of that partnership. The CEO of the Saudi company describes the events that led to the termination of the IJV with the US company:

"…Then (the Government owned oil company) announced after the Gulf War in 1991/92 that they had issued a tender for 100 oil wells using these pumps just south of Riyadh. And as we were the only company in Saudi that had a repair facility and (our US company partner) was at that time the best known brand in pumps, we were in prime position to win this contract. Now (our partner) operates also in other countries, particularly Abu Dhabi, Oman, Iran, Egypt and had appointed a Jordanian/Palestinian family who had a company (that was a) regional distributor for the ME area. There was also a very close family relationship between (the US company) and the MD of (the other ME company). My guess is that this relationship was not compliant with today's standards of transparency and anti-corruption, money laundering, and these things. So, 3 months before this contract was to be released, (our partner) announced they were terminating (our contract) and appointed (the other ME company) in Saudi as their agent for the oil industry…So this is an example of a relationship that went wrong, for all the wrong reasons. The appointment of (the other ME company) was based on self-gain and was no less than corruption. It became well known in the industry that the contract had in effect been stolen and given to a family connection for self-gain."

"…we were both (the Chairman and CEO of the Saudi partner company), absolutely shocked having to deal with all of this, we really thought we were in a great position to win the tender, in fact the only viable option given our repair expertise and local service. However, a few months before, by chance, we actually found out about a… very small pump company and (after the break up with our original partner) we decided to enter a JV with them and together we tendered for the business and (the Government owned oil company) was so appalled at (our partner's) behavior, and that they were also hiking up the price, that they awarded us the contract. The value of that contract was over $60 million. And the value of this small company … was only worth around $20 million, so the contract was actually worth more than the company itself…In the end it worked out very well for them and for us and it led us to create and manufacture our own range of oil field pumps and we are now market leaders in Saudi Arabia. So, that is an example of a relationship that went completely wrong for all the worst reasons. And yet it benefited us in the long run."

Final IJV Outcome

During the formative stage of the IJV in question both parties made insufficient enquiry into the compatibility of the two partners; they failed to achieve any meaningful agreement on a joint vision and goals, commitment to the business, how resources would be deployed and how the business would be managed. The partners failed to establish any meaningful trust at the formative stage or throughout the relationship, and the Saudi partner was concerned that there was a lack of transparency and openness in the way their new partner was conducting negotiations and their on-going behaviour. Early stage, and longer term trust failed to materialise and although they managed to reach agreement on a contract, the aftermath of that was that the partners did not work well together, the relationship was built on mistrust of each other's intentions and when the water pump partner tried to acquire a contract for individual gain the IJV collapsed. As each of the behaviours were played out at each stage of the life of the IJV, so was trust further eroded until the betrayal of one partner for the individual gain of the other led to what is known as the unintended termination of the IJV determined by internal conditions within the partnership, namely the breakdown of trust leading to management failure and inter-partner conflict.

Discussion

Existing literature demonstrates that commitment to shared goals focused on the success of the venture establishes a spirit of cooperation and collaboration indicative of a joint desire to devote energy and effort to the achievement of the desired performance (Mohr and Spakman, 1994; Shaughnessy, 1995). This case demonstrates that, while commitment to the business, shared goals and an agreement to sharing resources and intelligence positively affects trust, withholding any of these has the opposite effect, leading to an erosion of trust that in turn harmed performance, and existence, of the IJV in question. This is consistent with research, indicating that any doubt that one parent's goals are in conflict with those of the IJV can be removed by aligning goals and demonstrating commitment to achieving the objectives of the venture (Borys and Jemison, 1989; Lu, 2006).

While the urgency of one party for the cooperation of the other (Harrigan and Newman, 1990; Yan and Gray, 2001) has been shown as important in prior research, it appears to have had less impact on performance in this case, despite the need of the US partner to access the market. The dominant partner usually determines strategic direction and exerts tangible control (Inkpen and Beamish, 1997; Zhang and Li, 2001). It is debatable which partner held more bargaining power in this relationship, but it appears that the 50/50 balance did not work in favour of the IJV itself.

A surprising outcome from this case is that respondents did not consider cultural differences between Saudi and US partners a major factor affecting IJV performance. Further, nor have they experienced any serious problems being created by any cultural differences that exists between them. This appears to go against consensus in the literature that tends towards the view that cultural distance has a negative influence on IJV performance, creating communication problems, misunderstandings and conflict (e.g. Lane and Beamish, 1990; Lin and Germaine, 2011; Shenkar, 2001; Mohr and Puck, 2013)

The significant role of trust in IJV performance that emerged from this may suggest that the various individual factors affecting IJV performance and the life of the partnership are intrinsically bound by trust. Trust is not just another separate IJV performance factor, but a living, evolving phenomenon that appears to be influenced by, and interact with, all of the factors that have been recognized as having an influence on how IJVs perform. Existing research suggests that driving performance is a multi-level process with 'partner-level' factors such as strategic fit and partner experience, linked with IJV-level criteria such as commitment, trust, control, inter-dependence, conflict and organisational learning, all interacting to determine business performance (Isidor et al, 2012; Lane and Beamish, 1990). There appears, however, to be a tendency in the literature to treat all performance factors as individual elements with some inter-action across the organizational structure of the IJV.

It is possible that performance factors and their associated behaviours are actually bound together in an integrated way that directly affects the level of trust existing between key stakeholders within the partnership. Factors such as the way in which control is exercised; fairness and justice; honesty and transparency, open communication; equity in the sharing of benefits; shared goals and commitment to the IJV; and business performance itself, all have a significant impact on trust between the main players within the partnership. Trust could therefore be a common 'thread' that binds the other factors together.

Conclusion

It should be noted that our research was limited in scope to data collected from a single case study and that it was not possible to gather data from the western partners, nor to compare this with other successful ventures. Therefore, the results are limited by being dependent upon the input from the Saudi partner's perspective only. Nevertheless, two points emerge that are worthy of further investigation.

A significant outcome of this study, in direct contrast to existing literature, is that the Saudi partner did not believe cultural differences between partners was a major factor affecting performance of the IJV in question. The reasons given by respondents for the negligible influence of cultural gap between the Saudis and western partners appears to be a combination of partner IJV experience in creating and managing a significant number of IJVs in the past involving different countries and cultures and, more interestingly, a convergence of the cultural differences between Saudi Arabia and the west through years of Saudi-western cultural exposure. This finding, while grounded in a non-generalisable case study, is worthy of further research.

A further significant outcome is the possibility that performance factors are inter-linked with trust. This case indicates that IJV factors cannot be seen in isolation but rather, the behaviours that flow from the various IJV performance factors should be seen in the context of the individual and collective effects they have, directly or indirectly, on the level of trust that exists between the IJV partners, between members of the management, between team members and so on. It is through the behaviour of these factors that trust changes and evolves, affecting the strength or erosion of these relationships. The various behaviours that the case revealed, such as individualism in the pursuit of goals, a lack of open and transparent communication and a lack of commitment to the well-being of the partnership, all conspired to create an erosion of trust and finally the break-down of the partnership. Again, this is worthy of further research.

Some practical lessons also emerge from this paper. Success can be achieved by adopting an approach based on good practice from the outset. An understanding of the determinants of IJV performance and how they inter-act to affect the development of trust and the relationships within the partnership is crucial for managers and organisations in these situations. Adopting a planned approach and management philosophy that is illuminated and guided by an understanding of how key IJV performance factors affect the partnership at each stage of the IJV life cycle will help steer the business towards better performance outcomes. This case suggests that trust is intrinsically bound to the behaviours that flow from the performance factors affecting the development of trust between the partners at all stages of the IJV life cycle. In this case both partners were experienced in forming cooperative arrangements that furthered their business goals. But each company either failed to conduct proper due diligence on the merits and requirements of the other and/or allowed their commercial motives to drive them on despite clear signs that they were unable to establish any common ground for the development of the business from the beginning and the failure to establish trust or to develop trust through joint commitment, shared goals and a fair and transparent management of the venture. This meant that the partnership's unintended termination was inevitable.

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