



City Research Online

City, University of London Institutional Repository

Citation: Skuna, J. (2000). International joint venture negotiation behaviour outcome : the role of bargaining power, culture and trust (qualitative case studies. (Unpublished Doctoral thesis, City University London)

This is the accepted version of the paper.

This version of the publication may differ from the final published version.

Permanent repository link: <https://openaccess.city.ac.uk/id/eprint/8224/>

Link to published version:

Copyright: City Research Online aims to make research outputs of City, University of London available to a wider audience. Copyright and Moral Rights remain with the author(s) and/or copyright holders. URLs from City Research Online may be freely distributed and linked to.

Reuse: Copies of full items can be used for personal research or study, educational, or not-for-profit purposes without prior permission or charge. Provided that the authors, title and full bibliographic details are credited, a hyperlink and/or URL is given for the original metadata page and the content is not changed in any way.

**International Joint Venture Negotiation Behaviour and Outcome:
The Role of Bargaining Power, Culture and Trust
(Qualitative Case Studies)**

by

Jiraphan Skuna

**Submitted in Partial Fulfilment of the Requirements
for
the Degree of Doctor of Philosophy**

City University

**Department of Strategy and Marketing
City University Business School
London
UK**

December 2000

Volume 2

TABLE OF CONTENTS

Volume 2

	PAGE
List of Tables	5
List of Figures	6
List of Abbreviations	7
 Chapter 7. A Case Study of JV Company A	 8-41
7.1 Bargaining power	14
7.1.1 Alternative choice	18
7.1.2 Resource contribution	19
7.2 Trust	21
7.3 Culture	26
7.3.1 Individualism vs. collectivism	27
7.3.2 Cultural difference in negotiation style	29
7.4 Negotiation behaviour	31
7.5 Factors affecting negotiation behaviour	33
7.5.1 Bargaining power affecting negotiation behaviour	33
7.5.2 Trust affecting negotiation behaviour	34
7.5.3 Culture affecting negotiation behaviour	35
7.6 JV performance (outcome)	36
7.6.1 Satisfaction	36
7.6.2 Achieving JV objectives	37
7.6.3 Business relationship	38
7.7 Factors affecting JV performance (outcome)	39
7.7.1 Bargaining power affecting performance	39
7.7.2 Trust affecting performance	40
7.7.3 Culture affecting performance	41
 Chapter 8. Cross-Case Analysis, Comparison and Discussion of Results	 42-115
8.1 Cross-case comparison of similarities and differences in JV companies E and A	42
8.2 Discussion of results	
8.2.1 Proposition 1	54
8.2.1a Company A	55
8.2.1b Company B	59
8.2.1c Company C	61
8.2.1d Company D	64
8.2.1e Company E	66
8.2.1f Company F	69
8.2.1g Summary of all six case studies' results	71

TABLE OF CONTENTS (Continued)

	PAGE
8.2.2 Proposition 2	71
8.2.2a Company A	72
8.2.2b Company B	73
8.2.2c Company C	75
8.2.2d Company D	75
8.2.2e Company E	76
8.2.2f Company F	77
8.2.2g Summary of all six case studies' results	78
8.2.3 Proposition 3	79
8.2.3a Company A	79
8.2.3b Company B	82
8.2.3c Company C	83
8.2.3d Company D	84
8.2.3e Company E	86
8.2.3f Company F	89
8.2.3g Summary of all six case studies' results	90
8.2.4 Proposition 4	90
8.2.4a Company A	91
8.2.4b Company B	93
8.2.4c Company C	95
8.2.4d Company D	96
8.2.4e Company E	97
8.2.4f Company F	99
8.2.4g Summary of all six case studies' results	100
8.3 Self-reference criterion (SRC) - free approach: Cultural analysis	101
8.4 An overview of the data coding and coding scheme	105
8.5 Conclusion to chapters 4-8	110
8.5.1 A revised conceptual model	114
 Chapter 9. Research Contributions, Limitations and Directions for Future Research	 116-126
9.1 Research contributions	116
9.2 Limitations of the study	118
9.3 Directions for future research	120
9.4 Conclusion included a comparison of research's results with the literature	122

TABLE OF CONTENTS (Continued)

	PAGE
Appendices	127-215
Appendix A. Questionnaire and Interview Protocol (English version)	127
Appendix B. Questionnaire and Interview Protocol (Thai version)	144
Appendix C. Cover Letter for the Survey	163
Appendix D. Thai Regulations Affecting Foreign Investments	167
Appendix E. Business Cultures and Investment in Thailand	176
Appendix F. Transaction Cost Theory (TCT)	193
- Definition	194
- Organisational failures framework	194
- Firms' choices: markets, organisations or hybrid	205
- The limitations and Achilles' heel of transaction cost theory	214
 Bibliography	 216-237

List of Tables

Volume 2

	Page
Table 7-1: Reasons for establishing JV	12
Table 7-2: JV companies' goals and objectives	14
Table 7-3: Resource contribution	21
Table 7-4: The style of negotiation	31
Table 8-1: Characteristics of IJV firms in the case studies of companies A and E	44
Table 8-2: Bargaining power of Thai vs. foreign partners (companies E and A)	46
Table 8-3: JV performance (companies E and A)	50
Table 8-4: Predictor-Outcome Consequences:	
Antecedents and Consequences of JV negotiation	52
Table 8-5: Overall trust and cultural understanding of JV partners	54

List of Figures

Volume 2

	Page
Figure 7-1: Key organisations in the JV company A	15
Figure 8-1: A revised conceptual model	114

List of Abbreviations

approx.	Approximately
ATN	Company name
ATT	Airport Authority Thailand (Government)
BCG	Boston Consulting Group
BOI	(Thai) Board of Investment
CEO	Chief Executive Officer
CP	Charean Pokaphan
DC(s)	Developing Country(ies)
ECI	Entry Concentration Index
EJV(s)	Equity Joint Venture(s)
EU	European Union
EVP	Executive Vice President
FDI	Foreign Direct Investment
GM	General Manager
GNP	Gross National Product
IFC	Industrial Finance Corporation
IJV(s)	International Joint Venture(s)
JV(s)	Joint Venture(s)
LDC(s)	Less Developed Country(ies)
MD(s)	Managing Director(s)
MNC(s)	Multinational Company(ies)
MNEs	Multinational Enterprises
MP	Member of Parliament
n.a.	Not available
NEJV(s)	Non-equity Joint Venture(s)
OECF	Oversee Economy Corporation Fund
PTA	Perspective Taking Ability
R&D	Research and Development
SRC	Self-Reference Criterion
TCT	Transaction Cost Theory
UK	United Kingdom
US	United States
WOSs	Wholly Owned Subsidiary(ies)

Chapter 7

A Case Study of JV Company A

In this chapter, the results of the case study of JV company A is presented. The chapter will proceed as follows: bargaining power of four JV partners, trust, culture, negotiation behaviour of JV partners, factors affecting negotiation behaviour, JV performance and factors affecting JV performance (outcome).

Company A is a service based construction company. Because the interviewees requested that anonymity be preserved, company “A” is coded to disguise the identity of this JV construction company.

The Thai government required to solve the problem of serious traffic congestion which was affecting economic development and many aspects of life in Bangkok. They came up with the idea of building a subway to relieve this problem. They offered the bidding to any JV company that is capable of completing this job. The OECF (Overseas Economy Corporation Fund) offered financial support to the Thai government, so it was requested that some Japanese companies should also be involved in this project. To fulfill the Thai government requirement, Thai firms also need to be included in this subway project. The Thai parent firm, who is one of the big construction companies in Thailand, saw this job as an opportunity to make a profit and to build their reputation, as well as obtaining creditability for future projects. The Thai partner then proposed to form a JV agreement with another three partners (2 Japanese and 1 German) who have each had a long-term relationship and

working experience with the Thai partner for at least 10 years. It took only one week for them to negotiate and to come up with an unanimous JV agreement. This is because each foreign partner knew and trusted the Thai partner enough to enter joint business venture with them. The agreement was signed in 1996 with the service construction and operation initiated in November of the same year. This JV was planned to terminate when the project has been completed at the end of year 2002. However, because of accounting matters, JV termination will be finished 5 years after that. One Japanese interviewee commented that “If there is no additional tax and other matters, we can terminate [at the year 2007].” The joint venture pays the expatriate managers’ salaries. However, it should be noted that some high ranking foreign staff get some extra pay from the their parent firm as well. There are a total of 2,282 employees working in this JV. 95% of the employees are Thais. The JV has a total asset value of 3,871 Baht million, up from 1,671 Baht million at the beginning of its operation. The annual revenue is 5,197 Baht million, up from 11 Baht million at the start of JV business operation.

The most important issues in the JV agreement are equity, the flexibility of the agreement, which rules to follow, management responsibility and decision-making. After deciding to establish the JV, they had to obtain all the technical data and evaluate it in order to enter the bidding process to win the project. Interviewees of company A provided a brief history of the process of reaching the JV agreement as follows:

“The idea was brought up in the subway system and the joint venture agreement was reached later. The tendering stage took about one year.

Because it is quite a large project, we had to obtain and evaluate all the technical details. After the tendering stage, we spent about two months negotiating with our client. And after this we went into further negotiation and started the project. After we started the project, the actual forming of the joint venture agreement was not very time-consuming. Because most of the important points had been agreed during the tendering and negotiation *stages*. So, all together it took about one year.” (Quote commercial manager company A, interview 3)

“We are an integrated joint venture. We firstly defined the share/equity and in the end it came up with equal shares of 25% for each joint venture partner. Actually we are a joint venture allowing some flexibility to renegotiate the contractual agreement anytime. We also set out the rules to be followed if we couldn’t reach an agreement between all the partners during contract renegotiation. However, we cannot write an agreement to cover every aspect/points needed in the joint venture. The important aspect of our agreement is when we are together as a joint venture we need to be more concerned about how to manage JV efficiently. That is our main concern.” (Quote project manager company A, interview 1)

“We spent only one week negotiating to form the JV with our partners because we all knew each other already. Everybody was happy when we invited them to form this joint venture. You see there must be a promoter. However the time spent on the negotiation process with our client was about 13 months. We spent half a year for the bidding process and 7 months for negotiation.” (Quote project manager company A, interview 1)

Foreign firms who want to save time learning about Thai local knowledge, in terms of regulations, social etiquette, the economy and the market, tend to choose JV as the mode of entry. Whilst The Thai firms who lack technology and know-how prefer to join business with the foreign firms, hoping to combine each side’s strengths. In this case, the JV project seems to be too big for one company alone (especially the Thai firm) to cope with. For that reason, the Thai government requested only a JV company could be involved in the project. The Thai partner thought that they could do it alone if there hadn’t been such a requirement. They reasoned that they had experienced a big project (half the size of the recent project) like this before. If they were to choose other Thai companies, their strength would not be increased, so they do not believe

they should form a joint venture with another Thai company. In accordance with the Thai government requirement, all partners agreed that they need each other's strength, in terms of resources, to complete the project. The following are some comment from the interviewees on the reasons for establishing JV:

"When [the Japanese partner] joined this JV. This big [JV] project. If [only] one company is involved it is very difficult, very risky for investment. So, it could reduce risk for the investment costs, spread risk, reduce costs, connect with the Thai government. We need [the] Thais. For local companies they know the market. Taxation in the Thai way...yes...it is infrastructure work - not much marketing really. We have already many plants. We have had experience with [the Thai partner] for many years. [The Thai partner] gets news before [it is] announced to the public. So, that is really help[ful]. We can save time [by] entering [into] joint venture with the Thais and get some more information." (Quote Co-[JV] project manager company A, interview 2)

"Besides the strategic objective, it is important for us to get knowledge and also benefit from the local strength of our partner who is very much involved in the local market. Knowledge about the market, about personnel, employment, recruitment... strengthened competitiveness is very important for us. We [have been in] the Thai market with our [Thai] partner [for] 10 years now. Marketing skill is also important. Spreading risk is another reason to enter JV. To spread [risk] among the partners. Market access and reputation is very important as well." (Quote commercial manager company A, interview 3)

"The idea of joint venture happened because of the need to meet the (client's) requirement to "have a joint venture with a foreign partner, especially Japanese." This is a project with a twenty five thousand million baht turnover. Due to the enormous size of this project, we would never be approved by the ruling Thai government if we bid alone. They don't believe we would be able to do this even though we have produced a similar project half this size before. So, this is our first reason for entering joint venture with our foreign partners. The second reason is to strengthen our competitiveness as a result of the ability to obtain know-how (e.g. turnneling, deep excavation and management) from our foreign partners. The third is to spread risk. The rest include marketing skill, technology and foreign exchange balance." (Quote project manager company A, interview 1)

Table 7-1 below summarises the reasons that the JV partners of company A established JV together.

Table 7-1
Reasons for establishing JV

JV Firm	Reasons for establishing joint venture			
	<i>Thai partner's view point</i>	<i>Foreign partner's view point</i>		
Company A	Government requirement, strengthening competitiveness, know-how, spreading risk, technology, marketing skill	Japanese Y Spreading risk, cost reduction, Thai government connection, Taxation	Japanese Z Local information, Thai government connection, market access	German Obtaining local knowledge, strengthening competitiveness, marketing skill, spreading risk, market access, reputation

All four parent firms have been in the same construction business for more than 20 years. Each partner recognises that if they want to grow fast in this line of business, they need to build up creditability and good reputation, especially for future projects. These are the special objectives that all partners want to achieve at the end of this project. Profitability and experience are a common objective and interest shared by most partners. The quotations below describe the expected objectives of the interviewees:

“We have a specific aim to deliver what we have committed with our client. Therefore, we need to be able to fulfill this obligation. Another objective is to maximize profit. Profit is just a part of our objectives. If, at the end, we cannot fulfill the obligation we are committed to, we will never make a profit. Otherwise, we would like to build a good track record for future projects, to develop our Thai employees and to achieve know-how transfer. Currently, we

have a big project to do, so we have special objectives besides making money. If we are a company but forget to make money, it should not be a company anymore. However, to make money we need to be able to deliver our work, done to a high standard for the client. We need to have good cooperation with the client. We are not just doing one job and saying good-bye. It is a repeated game. Our objectives still remain the same as set earlier. Our partner also has quite similar objectives as we do.” (Quote project manager company A, interview 1)

“[It] is a good experience for my company to work [with] others. We have a Board of Directors. Profitability, yes the joint venture decides. Regarding profitability, we decided how much percent profit we require and then we try to set a target. The Thai partner wants to expand business growth and learn how to do business internationally, especially in the Thai market.” (Quote Co-[JV] project manager company A, interview 2)

“For the time being, we only want to achieve profitability.” (Quote finance and accounting manager company A, interview 16)

“The second is experience to work in a project like this - to learn how to do business with other foreign companies; Thais, especially European. This is our first experience, learning to do business with European [companies] in Thailand. So, the experience is good for future projects. Cost reduction, I think, is the same as profit - how to [make]...cost savings. I think that is related. Third is access to the market.” (Quote Co-[JV] project manager company A, interview 2)

“Our strategic objective is mainly to establish a relationship with a neighbour on a long-term basis to operate successfully in Thailand. To operate in the local market. We have had a good experience so far.” (Quote commercial manager company A, interview 3)

A summary of the goals and objectives of each JV partner is given in table 7-2 below.

Table 7-2
JV partners' goals and objectives

JV Firm	Goals and Objectives			
	<i>Thai partner's view point</i>	<i>Foreign partner's view point</i>		
Company A	Profitability, fulfill the obligation to complete the project with client, to gain experience and creditability	Japanese Y Profitability, experience of doing business with foreigner, and creditability	Japanese Z Profitability	German Experience, profitability, and establishing the relationship on a long-term basis

7.1 Bargaining power

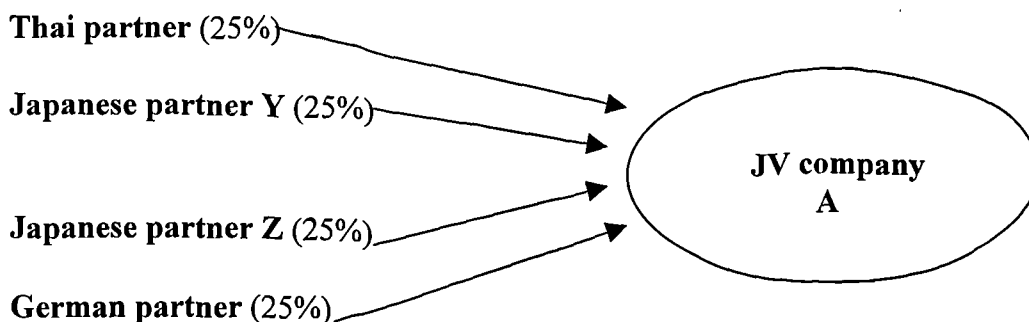
Each JV partner holds an equal 25% of share and, in return, they earn profit equally according to their equity.

“We don’t mention how many percent of resources must be contributed by each partner. But [I] can say, when we decided our joint venture budget, we [discussed what] percentage target [profit] and lets say [profit is] 4 %, each partner gets an equal one one one one [percent of] the profit.” (Quote Co-[JV] project manager company A, interview 2)

“As an integrated joint venture, there is less possibility to have conflict of interest between us because earnings are shared according to the percentage of equity held.” (Quote project manager company A, interview 1)

Figure 7-1 below provides the equity structure and nationality of the parents of the JV company A.

Figure 7-1
Key organisations in the JV company A



All management decision making and policy is made at the project management level. Then the decisions and policies are sent to operational level to get the work done. However, there are some limitations to the decision making power of the whole management group.

“The management is mostly executed at the project management (PM) group level and the Board is there to control the project management well. So far, in the joint venture, there have not been any disagreements between the Board and the project management team. So, the Board has given a lot of authority to project management team and project management team is working within this authority.” (Quote commercial manager company A, interview 3)

“Consensus should be the decision of the Board of Directors. We have a management procedure and most of the organisation and management should perform within our management procedure. So, decision-making is very easy and may be decentralised within limited authority.” (Quote commercial manager company A, interview 3)

The management decision making must be agreed by all four project and co-project managers. However, when there were some conflicts and the decisions cannot be

agreed, the Thai partners can act as a dominant partner in making the decision. If the decision is outwith the power of the project management body to decide, they will pass the issue to all eight members of the Board of Directors. Then, if the problem still cannot be solved at this level, the final decision will be made by the shareholders or owners of the parent firms. The following quotations show how the management decision making in this JV is decided:

“From my company point of view, this is a fully integrated JV. Shares are 25%:25%:25%:25%. So, no company is the leader ... So, [I] can say we don't have a share ratio for real. Among the four partners, politically [the Thai partner] decides. In reality, [it] has to be like that. Even though the equity in the contract is divided equally.” (Quote Co-[JV] project manager company A, interview 2)

“Maintaining different ideas cannot work. It is written into the agreement that if the decision-making cannot be made among the four partners, a more superior director can decide. If it still cannot be decided by the senior joint venture management team from the four partners, [the Thai owner] will talk with each [of the parent] company's presidents.” (Quote Co-[JV] project manager company A, interview 2)

“We have a control system that makes every member of the joint venture participate and share the decision-making. If agreement cannot be reached at the project management group level, we pass it on to the Board of Directors. If the problems still exist at this level, the CEO of each company will sit and talk together.” (Quote project manager company A, interview 1)

There seems to be a balance in the bargaining power of the JV partners at both the top management and the Board of Directors level. There is also an equal number of members from each partner at both top management and Board of Directors levels. However, when management conflict has arisen, all partners seems to respect and trust the Thai partner (particularly the Thai owner) to finalise the decision. All partners had a choice in selecting their partners and they have contributed resources equally to the JV.

“As this project is in Thailand, the client we negotiate with [helping each other. Although we have an equal percentage of shares, we [the Thai partner] are the most important partner. We have a distinguished role in the JV management. For example, our company has the authority to nominate a project manager for this joint venture. Our partners give us a lot during the bidding process] is also Thai. The person who has authority is Thai. We are of respect in terms of management decision making.” (Quote project manager company A, interview 1)

“Authority, power is equal in joint venture.” (Quote commercial manager company A, interview 3)

“It probably balances itself out. You’ve all got benefit. You’ve all got to pay the premium. The JV has to pay the premium since it’s 25% [of share for each partner] involved. So they’ve got to even it out among themselves.” (Quote quantity surveyor manager company A, interview 14)

“Normally, when we conflict we must have [a] meeting with [all] four partners. If one partner disagrees [about the answer to] this problem we’ll not accept it. When everyone accepts this problem, so it’s very nice. It has to be [a decision] agreed by [all] four partners. If not, some partners need to compromise.” (Quote finance and accounting manager company A, interview 16)

“They [the JV partners] have equal rights. No partner holds power over the other. Normally there are four people in the project management groups and above them is a Board of Directors which also has an equal number of representatives from each company. So these four partners normally agree 99.99% of the time. There is no partner better than any of the others. They are all 25%.” (Quote quantity surveyor manager company A, interview 14)

One partner expressed the view that equality in power structure as a result of equality in equity structure leads firms to experience difficulties in the management of their business. He also contended that it would be better to have only one leader to make decisions if there is a difference of opinion. The following is his viewpoint regarding the structure of equality in equity:

“I think, sharing twenty-five percent each is not good. It is better [to have] one leader [in the JV] company. And they each have some responsibility [for] decision [making]. With four it is difficult to reach agreement. Each partner

has a different idea, so we [should] decide on one leader who can instruct.” (Quote Co-[JV] project manager company A, interview 2)

“If you have got so many leaders you’ll not reach a decision.” (Quote quantity surveyor manager company A, interview 14)

7.1.1 Alternative choice

Although all partners had the choice to enter JV with different partners, the foreign partners tended to stick with the Thai partner because of their past experience and good working relationship. They (the foreign partners) all seem not to regret to be in joint business with the Thai partner. The Thai partner was very confident that those foreign partners were not going to pick up alternative partners because there was a high possibility that the Thai partner would win the bidding. The Thai partner had a high competitive advantage to bid against their competitors due to having good connections with the Thai government and the ability to obtain inside information quickly. The following quotations describe the JV partners’ choices:

“[For] this [JV] project we needed a big Thai local partner. So [the] foreign [Japanese] company keep in touch with the Thai company. If we had not kept contact with this company we couldn’t have won the project. This is a subway project. The local company cannot [do the project by themselves] ...They don’t have the experience to do this. In Thailand there were no subways before. For normal road construction, we would not participate, we would not be interested. The local Thai company can do this. If bidding against Thai companies, we could not win the contract. But for expressway roads and subways, there is a technique to do it. Local companies sometimes don’t have the technique to do it. That is why we got the chance to do it with them [our partner].” (Quote Co-[JV] project manager company A, interview 2)

“Because we are a foreign company, we can’t have a construction job without a local partner. So, we did not choose [the Thai partner], they chose us.” (Quote finance and accounting manager company A, interview 16)

“We have worked with [our Thai partner for a]...long time...but we have already established a subsidiary company with [the Thai partner]... “only one wife” ...No, we don’t have any choice. Our Japanese company [Y] is not so

aggressive. And the [Japanese partner Y] management team think this is a good chance [to enter JV business with the Thai partner]. So, that is very different from [the Japanese partner Z].” (Quote Co-[JV] project manager company A, interview 2)

“It was decided [that the project] cannot be performed by an individual company and it was quite clear we had start like this. This project needed to be a JV. And, to my knowledge, I don’t think any of our competitors could have negotiated joint venture business with the Thai partner because [the German partner has been] working [for a long time] with [the Thai partner]. Since we agreed with [the] Thai partner and offered this contract, we continue to work together.” (Quote commercial manager company A, interview 3)

“We are the firm who initiated the idea of forming this joint venture business and also bidding is not allowed without a Thai partner. This is a very important point. Working in Thailand, without a Thai partner, is impossible. Also, the Thai owner is a very well known person in the construction business and has been respected by all of our partners. It would have been very surprising if the prospective partners has left us to join with other Thai firms. Our problem is just that we want other partners to join too but we cannot accept them. That is our identity showing that we hold considerable strength in this joint venture project. We also don’t see any reason to enter joint venture business with other Thai partners in this project because we have enough strength and capability in our own company.” (Quote project manager company A, interview 1)

7.1.2 Resource contribution

Over all, there seems to be a balance in resource contribution, though one partner might provide more of some scarce resource than another. According to one British interviewee who works for the Japanese partner, the Thai partner has strong bargaining power over suppliers in Thailand whilst our Japanese and German partners have better bargaining power to obtain tunnelling equipment and material. Financial resources have been contributed equally by each partner. Profits are shared equally. Management expertise has been provided by all partners. The German and Japanese partner Z provide scarce resources such as technology, technical know-how and management, and technical personnel. The Japanese partner Y contributed the construction technique and know-how. The Thai partner provided local knowledge,

government connection the and the information needed for operating JV business in Thailand, as well as in dealing with the Thai government. The resources needed from each partner have been consistent since the beginning of the JV business up to now. There has not been much shift in bargaining power and all foreign partners still trust the Thai partner. The description of resource contribution provided by JV partners is shown below.

“Financial resource was equally contributed [by] each partner. Technology was contributed by [the Japanese partner Z]. They have much more experience in heavy work than us. Management expertise is very difficult to say.” (Quote Co-[JV] project manager company A, interview 2)

“I would say we, as a foreign partner, have contributed technical know-how, financial resources, technical personnel. The management, I think, is similar to the local partner. We and the local partner have contributed management expertise to this JV. We and the local partner also contribute licenses, personnel and non-technical personnel. We have about 30% but this joint venture doesn’t specify. We have equal shares for partners, 25% each for 4 partners. But this is only the financial participation. It doesn’t mean that each partner needs to have contributed equally.” (Quote commercial manager company A, interview 3)

“Each partner contributes human resources as best as they can. The joint venture also recruits their own employees. If there is something which must be done, but is beyond our partners’ capability or responsibility, we would be happy to help as much as we can. At the beginning, the foreign partners contributed technical personnel and expertise to the joint venture. When the work was done i.e. the planning, they went back to their countries. It is too expensive to keep them here.” (Quote project manager company A, interview 1)

Table 7-3 below summarises the resource contribution of each JV partner to JV company A.

Table 7-3
Resource contribution

JV Partner	Resource Contribution
Thai	Management expertise, money, non-technical personnel, government connection, local knowledge and information, market access
Japanese Y	Technical know-how, management expertise, money
Japanese Z	Technology transfer, technical personnel, management expertise, money, technical know-how
German	Technology transfer, technical personnel, management expertise, money, technical know-how

7.2 Trust

Although the JV comes up with high exit costs, the Thai partner has a better chance to walk away and find another partner if something goes wrong and conflict cannot be resolved. Each foreign partner trusts the Thai partner. It seems unlikely that, if the worse case happens, the JV will need to be terminated before the project is completed. Furthermore, breaking a JV will affect the reputation of the Thai partner for future projects. Mutual trust between JV partners decreases partners' conflicts by reducing unnecessary bargaining against one another. Initially, trust between the Thai and foreign partners was very good. It has developed and become better so far (fairly good). But it still must be enhanced further, as stated by one Thai interviewee. The partner's reputation was not a major concern for each partner because they had all known each other and experienced working with each other for a long time before entering this JV business. Trust developed between the Thai and foreign partners before this project existed. All three foreign partners even trust the Thai partner and

allow them to nominate a project manager (Top management body) and to make the final decision if there is a conflict of interest. The following quote the comments on the level of trust between JV partners:

“The level of trust at tendering stage and now is similar. Very similar because we trusted our partner right at the beginning. This is why we entered the joint venture agreement with them. And up to now, we still trust our partner.” (Quote commercial manager company A, interview 3)

“We have had more than 20 years experience with our Japanese partner [Y]. We didn’t just start with them. Since we made the contractual agreement regarding organisational structure, authority, management responsibility and decision-making power, we have never look back to our agreement. So, the joint venture has shared control. That is our achievement. It would be our failure if we need to refer to the joint venture agreement all the time, during business operation.” (Quote project manager company A, interview 1)

“[It] has become a lot better during the past two years because we are not thinking that other companies are trying to take over this or that [competing with each other]. It is a lot easier to work because you don’t have to think about other things. You are thinking about getting something done. Additionally, we can trust our partners’ engineering ability and when they say they can do a job, they can do it.” (Quote quantity surveyor manager company A, interview 14)

Simultaneously, a little mistrust also exists between partners. Two managers below project management level stated that:

“It took us quite a lot of time to convince our partner to agree with us.” (Quote construction coordination manager company A, interview 15)

“We have to hand over any job to the local partner but I think now [they] lack ability. I don’t think everything can be handed over.” (Quote finance and accounting manager company A, interview 16)

The following quotation also shows some mistrust of JV partners as a result of opportunistic behaviour by some JV partners:

“I think there is some trust there. There is still a little bit of distrust existing between the four partners, e.g. one of our partners act as a subcontractor to the project. The JV [company] has bought a tunnelling machine from them. And they were meant to provide many parts. So, [now] they say these are extra and the JV partners know that they are trying to build the cost in very different way hoping that the extra cost will go through without being picked up properly. So there is some distrust that way. Each of the four partners has got some subcontractors, or some supply contract them. So, there is some distrust about what they have included and what costs are not included in those subcontractor’s costs. I think there is still some concern between the four [partners]. This company [was] selling machines, they should be open the sell complete or not sell at all. It effects trust. For example, we sold this, it doesn’t include this. There is 1% for that. So, that is happening. There is some distrust there.” (Quote quantity surveyor manager company A, interview 14)

Trust develops at both personal and organisation level. One Thai interviewee stated the significance of trust at personal level as:

“If we change a member of the management staff, who is extremely important, it could affect the partner’s relationship and JV performance.” (Quote project manager company A, interview 1)

Past experience, and a long-term relationship, has reinforced and developed trust between the partners. All foreign partners have worked with the Thai partners before this JV project took place. The Thai partner even had experience of working internationally with the Japanese company Y in Japan. They all seem to trust each other more and more as their relationship develops. Because of the good relationship with the Thai partner, they (all partners) decided to enter JV with one another in a short period of time. The quotations below describe the past experience and relationship of the JV partners before the formation of the JV:

“In Thailand, we [the Japanese partnering firm Y] [have been] working for a long time with [the Thai partner]. So, we [had] an alliance before. That is

why we know them for this joint venture company. At that time, for the first time, we can say [that the Thai partner] is a very small firm. The first time when I was assigned to Don Muang Airport, [the Thai partner] didn't bid so much. [Another Thai firm] was number one. It was the Don Muang Airport extension project [which we worked on], fifteen years ago. Many [firms want to] negotiate joint venture business with [a Thai partner]. But because [the Thai partner] chose us, we could be a partner in this joint venture firm. [The Thai partner] selected [us]. Now many Japanese companies want to join business with [our Thai partner and its competing/rival firm]." (Quote Co-JV] project manager company A, interview 2)

"I think that the relationship developed on previous projects (for example Don Muang Airport extension) and it was then that we decided to work together. We have a good relationship with [the Thai partner], so there is no point in entering business with other [Thai partners]. Our German partner also was in that relationship. We [the Thai, German, and Japanese Z partners] will be a good partnership for future work." (Quote quantity surveyor manager company A, interview 14)

"We have worked with [this] Thai partner for at least five projects and we have had a lot of experience with them. We have also worked on joint ventures worldwide [for the last] 80 years. [Our German firm] is one of the biggest construction companies. It is worldwide. We have considerable choice to enter joint venture with other Thai firms but we didn't think about it. We have one partner and we don't change. We entered this joint venture with [the Thai partner] because we have worked with [the Thai partner] for a long time. The Thai partner is one of the main construction firms in Thailand. So, the reason for entering joint venture with this Thai partner for the first time, ten years ago, was their reputation." (Quote commercial manager company A, interview 3)

"[The Thai partner and Japanese partner Y] has the subsidiary company which is named...They have a connection. And [the Thai partner and the German partner] have another JV [firm together]. So, They know [each other] well...We were an employer and they (The Thai and German partners) are subcontractors. That is the only relationship we have had with them in the past." (Quote finance and accounting manager company A, interview 16)

"So, if we know their background, we spend less time negotiating with them. Over time we [have got to] know each other. [I] can say [it is] easy to talk. We have some previous experience of another joint venture together with [our Thai partner]. Only one in Phuket with another Japanese company. Last time the leader was [the Thai partner]. This time, this joint venture with the European company is fast[er] ...[There are] four partners. [However the number of] partners is not a problem, but the first time with European partners was very, very interesting and very, very difficult for me, for [our Japanese company] itself." (Quote Co-JV] project manager company A, interview 2)

Although the level of trust between the Thai and foreign counterparts is very high, not every partner felt that the relationship was reciprocal. Trust between one pair of partners, the German and Japanese Y, seems to be tearing apart, partly because of the lack of their past working experience together. It was the first time in this JV business that the Japanese partner Y had worked with other foreign partners, apart from the Thai partner, unlike the other three partners (the Thai, German, and Japanese Z) that were used to working with each other and had known each other for at least 10 years. Additionally, because of cultural differences in the way the Germans do business, the Japanese partner Y develops an attitude of mistrust during their JV negotiation and operation. The Japanese partner Y expresses the feeling that they don't want to join the German partner for the next joint venture project. The economic crisis in Thailand lead firms to experience lower performance than expected. So, as a result, the Japanese partner Y doubted the managerial style and reaction of their German partner. The bitter view has been expressed as follows:

“So, every month I check the accounts. Sometimes the cost of reinforcement bar is up. This is reasonable. But sometimes the costs of electricity and telephone are high. There is no need to call abroad a lot. No need to call or telefax, if it is not necessary.” (Quote Co-[JV] project manager company A, interview 2)

“If we have another project, it would be difficult for us to enter joint venture with the German partner again. We hope that this subway project has an extension to the new line [and the] same establishment of the four companies. But [the next project should be a] clearly separated assignment and responsibility. For example, this is my station, so separate [the project into] three...three...three...or something. Sometimes it is good. The contact with the client is good. There are different ways of doing business within the JV. But if the loudest voice is leader, then it is difficult!” (Quote Co-[JV] project manager company A, interview 2)

Moreover, the Japanese partner Z also doubted the way the German counterpart operates business, even though they are impressed with German advanced technology. The quotation below shows the comment of the Japanese interviewee regarding the issue of trust:

“The Germans are very good engineers but not too bright commercially. You can also guarantee that they can do the work until finish at the quality you want but you can’t guarantee the budget. So internally, your budget will be very high because they put German engineers on it. That could be very expensive. But in all, the work will be done correctly. There is a weak area in the commercial side which indicates that we don’t need many of these German [engineers because of their high costs]. We have got plenty of Thai engineers, they can do that job. “I want the German”, that is the German concept.” (Quote quantity surveyor manager company A, interview 14)

Whilst the Japanese Y interviewee trusted his partners at the organisation level, one Thai interviewee comments on the importance of trust on a personal basis.

“Trust between partners develops over time. If the key management personnel leaves, it would affect our trust relationship. This is quite different to the American style where trust is on the organisation rather than the individual because they have set a very clear management responsibility in the agreement. However, in Thailand, personal relationships seem to play a significant role in joint business operation.” (Quote project manager company A, interview 1)

7.3 Culture

Cultural differences seem to engender a moderate problem within this JV firm. However the problems don’t seem to affect the relationship between the Thai and German partners. They have tried to understand each other’s ways of doing business over time and have the expectation of a long-term business partnership. The problems became more serious when the German partner negotiated with the Japanese partners.

There were some cultural misunderstandings between them and they tried not to understand and adapt to each other. Here is the expression of Thai and Japanese interviewees regarding cultural difference:

“The cultural differences between us [the Thai partner] and the Japanese partners are very small compared with our German partner. Our German partner is concerned about the issue of safety more than us and the Japanese partners. It is not because we don’t not think about safety but because they are looking for a higher safety factor than us.” (Quote construction coordination manager company A, interview 15)

“[Japanese partner Z has] a culture [that] is nearly the same as [the Thai partner and the Japanese partner Y]. We have quite a big cultural difference with [the German partner]...I gave up my private vacation. This is normal for Japanese. Working comes before private life. But [the] German [partner] has a different idea. They’ll take one months or two months [off] even [though] this will affect the JV business [operation]. They don’t care. Thais are similar to Japanese in this respect.” (Quote finance and accounting manager company A, interview 16)

However cultural differences seem not to have had much effect on employees who are working at the operational level. They tend to perceive their colleagues as a team and follow the policy decided from the project management level. One interviewee commented that:

“It [problem] has to be sorted out at that level [project management level]. That is the way I work properly. Because we have to work together as a team so we don’t decide that he is from this company or from that company.” (Quote quantity surveyor manager company A, interview 14)

7.3.1 Individualism vs. collectivism

There was a cultural misunderstanding, and conflict between partners, regarding ways of doing and negotiating business. The Thai and Japanese partners whose cultures tend to be collectivistic seem to share a similar viewpoint in their ways of operating

business. They prefer to negotiate and deal with business through a network and use inter-personal/firm relationships, as well as allowing more flexibility in the contractual agreement. One Japanese interviewee comments on the importance of relationship building:

“First time [meeting is general business discussion]. Today also...that is my way. First time, the general way then to the main point. For meetings, the agenda has already been delivered to the attendees...it can start. So, my way, I like to play golf. After we finish, take a shower and share a meal and next time to the main point.” (Quote Co-[JV] project manager company A, interview 2)

The German and European staff prefer to use formal letters and documents when negotiating business. They also place an emphasis on the contractual agreement. Conflict arose when the Thai partner used the Thai way of negotiating business with the client (the Thai government). The German partner and European staff tend not to understand and are unlikely to accept this business style. The following quotations describe the cultural similarity and differences of the JV partners:

“Everyone knows [the Japanese partner Y] and [the Thai partner] have about twenty years of experience together. We have a subsidiary company...So, some companies contacted [the Thai partner] not directly [but] through Japanese partner [Y]. The easy way. We know [the Thai partner] well. [We] can say [our Japanese company] is number ten in the company ranking in Japan. But [when the] biggest Japanese company comes to Thailand, when they want to get the job, they need to pass through [our Japanese company] first. Here, also, contact with the government must be [from the Thai partner]. You know many of the biggest Japanese companies - more profitable, more successful companies also contact us if they come to Thailand - the same way as in the agri-manufacturing business that they contact through CP. The [Thai partner] can contact directly through the Thai government. The European way is that they contact direct. In Japan, this time your company helps...so, next time I help...like this. So, the Japanese company acts in the same way as the Yagusa Gang...have to say hello first. So I am like Yagusa to Japanese

companies coming to Thailand.” (Quote Co-[JV] project manager company A, interview 2)

“Having a contractual agreement in relation to the joint venture management does help us a lot in reducing conflict of interest. In my opinion, it is important for us to have and follow a joint venture contract. And because this contract was drawn up for a government project, therefore the joint venture contract is not as complex as others. Also, we, as a company, are the co-owners of this project. We are friends. So, we just sit and talk a bit about shareholder agreement regarding the rules to follow/proceed.” (Quote project manager company A, interview 1)

“Each [partner] has a different way of doing things. So sometimes conflict does arise because of that. It’s like the Thai style to discuss things informally. We call this the soft approach. It is risky. But the European way, like English and German, is to fax letters in and write a strong letter to safeguard our position. It’s OK [normal]. This allows us to claim for things that go wrong and we have to claim for them. Whereas, our Thai [partner], sometimes Japanese partners, they don’t want an aggressive response so there is always conflict in that way to approach a problem and how to solve it.” (Quote quantity surveyor manager company A, interview 14)

“Working with our German partner, this time documentation is very very much. The technical market is very different. Project control is very different.” (Quote Co-[JV] project manager company A, interview 2)

“Sometimes we think an agreement is [just] a piece of paper.” (Quote Co-[JV] project manager company A, interview 2)

7.3.2 Cultural difference in negotiation style

There are some cultural differences in negotiation style among JV partners. The Thai and Japanese partners tend to prefer a gentle and smooth style of negotiation, whilst the German partner acts differently. They prefer a confrontational and aggressive style of negotiation. The Thai partner is very open-minded and allows any style of negotiation to take place. However, one foreign interviewee still believes that, at times, the Thai partner still takes thing personally. The following are the viewpoints of interviewees regarding the style of negotiation:

“That is not a typical integrated [JV]. Twenty-five percent share each but the lead partner makes the decision. This is also written into the agreement. Last time [there] was some conflict, everybody wanted to be at the top. [The German partner], the way they negotiate is very aggressive.” (Quote Co-[JV] project manager company A, interview 2)

“Normally, we allow any kind of negotiation behaviour and style during the negotiation process. We don’t mind. But negotiating with our client, we need to follow our rules strictly. We shouldn’t show any of our internal conflict to the client. So, that is why we need to have a leader, a spokesman while dealing with the client.” (Quote project manager company A, interview 1)

“The difference in culture shouldn’t affect negotiation because negotiations are always based on facts, reasons, argument and especially in the financial area. Culture has a very minor effect on negotiation. In my opinion, I don’t think that negotiation style is related [in any way] to cultural differences. It depends on person to person. Everybody has a different style.” (Quote commercial manager company A, interview 3)

“The Thai partner’s nature is not to be confrontational whereas the English and German, we’re confrontational, but we don’t make it personal. I think sometimes they [the Thai partner] take the thing personally. We stay in the right so I can say, under the contractm ‘you have got to do this or do that’. That means aggressive. For us, we’ve been in business in Europe hundreds of years, using contracts. This is not being rude, just stating your position. I think sometimes it’s not being rude or aggressive.” (Quote quantity surveyor manager company A, interview 14)

“In practice, our problem is the similarity in the culture. Everybody wants to take advantage of others as much as they can, even though they all share the same goals. But the methods used, regards their opportunistic behaviour, are not the same. Some are very aggressive and strong. Some are very gentle. So, it is important for us, in managing, to reduce the opportunism in order to achieve the best performance.” (Quote project manager company A, interview 1)

A summary of the negotiation styles of each JV partner are given in table 7-4 as follows.

Table 7-4
The style of negotiation

Country	The style of negotiation
Thai	Gentle, polite, defensive, no straight answer, work slowly on decision-making
German	Very aggressive
Japanese	Gentle

7.4 Negotiation behaviour

The negotiation tactic that is most often used in this JV is compromise. Although compromising is not always the best strategy to use to resolve conflict, all partners seem to understand its importance and place an emphasis on the use of it. When conflict arises, each partner tends to argue against each other at the beginning of their discussions and in the negotiation process. Simultaneously, they also seem to understand where they stand and generally accept and listen to each other's opinion. When it was time to make a decision, they preferred to compromise with one another. If there is a time limit for reaching agreement, they sometimes use avoiding tactic. One Thai interviewee stated that:

“If we have a conflict, we normally respect each other's opinion. We try to discuss on the reasoning logic. If we don't have enough time to come up with an agreement, we will put that issue in pending and try to resolve it later.”
(Quote project manager company A, interview 1)

Because each partner tries to cooperate with one another where possible, most conflicts are resolved effectively at the project management level. The following is the viewpoint of foreign interviewees regarding the use of compromising strategy:

“For the one with the claims, what we decided to do is we still submit the notices. And also we keep on both ways, try to get the path which is not that way or this way, but some way in between, so it’s a little bit of a mixture, which is still not a good way, but a compromise is developed between the two ways. So we’re going to have to rely on some proper talk at the end, so that the client [the Thai government] doesn’t say ‘no’.” (Quote quantity surveyor manager company A, interview 14)

“..still wondering how to come out with the solution to get everybody happy. If there is a quick way to get this [solution but it] changes every issue otherwise...if it is not agreed then we can’t start the work, which would cause a problem. And that affect this department. We are not taking the hard line and we are not taking the soft line. We try to reach a compromise but this is one reason why people [are] not happy. It’s taken a long time.” (Quote quantity surveyor manager company A, interview 14)

“We have to compromise [with the Thai partner regarding the issue of hiring high capability employees]. We have to do it by ourself instead of distributing it [to low performance employees]. We have to work a lot. If we hire clever staff, we can hand over all these job to the clever [JV] staff. But once we employ stupid staff, I have to do everything.” (Quote finance and accounting manager company A, interview 16)

Both Japanese partners try to compromise with the German partner where possible. However some conflict cannot always be compromised. So, the Japanese partners turn to the use of competing tactic. One Japanese partner Y pointed out that their German partner is obstructive and also tends to behave inappropriately. At the end of the interview, this Japanese person said that they wouldn’t want to enter JV with this German firm for the next JV project. The quotation regarding this competitive manner is given below:

“And the planning [is] also different, very, very aggressive. They [the German partner] said we need to buy that and, finally, they chose and bought. And the way they behave is not so polite - they do not speak nicely and listen much to the Japanese partner. So, I don’t know if it is only because of this person or if the parent organisation is like this. I don’t know. But compared with them [German partner] we do things in a different way. They have experience and because of this experience they say ‘do it this way’. We have to think which is the best way for this JV project. So, we need some time. And unfortunately, our meeting is in English and so we have some disadvantage in that point. I want to speak but don’t know how to express myself.” (Quote Co-[JV] project manager company A, interview 2)

The German partner also has some conflict regarding the use of an overseas engineer.

The Japanese partner Z criticises that:

“Now we’re trying to force [the German partner] to cut down on German staff being used and to depend more on Thai engineers. It saves a lot of money and for the station itself, provided that it is designed properly, it can be done by local engineers.” (Quote quantity surveyor manager company A, interview 14)

7.5 Factors affecting negotiation behaviour

The following three aspects describe the influence of bargaining power, trust, and culture on negotiation behaviour.

7.5.1 Bargaining power affecting negotiation behaviour

Generally speaking, there was a balance in the bargaining power of the JV partners. There has not been much shift in bargaining power between partners. There was a need for resource contributions from all the partners over time. Each partner seems to have their unique strength to put into this JV. These balances in bargaining power lead all partners to compromise with one another.

“No, no, no, I always hamonise. I like this way. I always try to compromise. Two weeks ago, in the party, I had a chance to speak with them, so I presented them with three words; ‘thank you’, ‘cooperate’ and ‘harmonise’. The strategy used is not win-win. This time OK [but] not every time the loser. Sometimes win.” (Quote Co-[JV] project manager company A, interview 2)

“Our foreign partner should try to compromise as much as they can. If they didn’t know how to compromise, we would never have chosen them to be our partners at the beginning of the joint venture formation.” (Quote project manager company A, interview 1)

7.5.2 Trust affecting negotiation behaviour

The German prefers to use German staff to work on the construction site. They do not trust Thai engineers to work on this particular job at the tunnel. So, during the negotiation they (the German partner) try to argue to have German staff working on the construction site. At the beginning the German partner won, as the other partners compromised with them. Over time they (the German partner) compromised more with the other partners and agreed to use more Thai engineers for the tunnel construction.

“Our German partner argues that the tunnel work is very complicated and technical. So, they want a lot of German staff to work for them. This incurs a very high cost. They did not trust our local engineers to work on this job. They insisted and kept arguing to have the German staff to do this job. After a long negotiation, they compromise with us for some work by reducing the number of German workers.” (Quote construction coordination manager company A, interview 15)

“If we don’t trust each other and also the cultural differences between partners are too big, it is unlikely that we can be a JV partner, the JV company can’t exist. The Thai partner has known [the German and Japanese partner Z] for about 10 years already. Also we have had 20 years of business experience with [the Japanese partner Y]. This leads us to have better cooperation with one another. The issue of personal or group relationships that reinforce trust between partners is also of concern. (Quote project manager company A, interview 1)

7.5.3 Culture affecting negotiation behaviour

The Thai partner seems to understand that people from different countries have their own cultural values. They tend to be cooperative and compromise with the partners where possible. However, cultural dissimilarity lead to the Japanese partner Y to doubt the German partner's way of doing business. They (the Japanese partner) sometimes argue with the German partner unnecessarily and try to persuade them to reduce the level of spending. The following quotations, obtained from Japanese and Thai interviewees, highlight the negotiation tactics used in relation to culture:

“Now there are some problems with them [JV partners]. They spent too much. For example, there is no need to have a good table in the office. It is just a temporary use, no need. That is the real point. The Americans and Europeans are always thinking about their personal room. They need their personal space. In Japan, we cannot do this. For [the Japanese partner], maybe my president cannot sit on a good chair like this. So, when starting this [JV] project, I said to my boss I didn't want to. As other people want this, so I have to use it. He said only this one project but he requested me to reach the target. So, there are very different ways of doing business between European companies and Japanese companies. For we, and maybe the Thai [partner] also, think we only need general administration like salary and resources. We have to try to keep in this box. But their [European partner] way, yes, we need these. My friend is also thinking...they need a good one. For the Thai [partner] I don't know. We [Japanese partner] work in this company until retirement. But now, the Westerners working in Thailand, they are happy working here, stay in big houses, big rooms, they don't think about this joint venture - how much profit we are going to get. They [European partner] think only of themselves. That is a problem. If they get their salary from their office, this would be OK. But they get it from this JV. One share of this joint venture company is my company as well.” (Quote Co-[JV] project manager company A, interview 2)

“There are some cultural dissimilarities with the partners who come from different countries. The ways of doing business and their experience are also different from the Thai partner. Even though we have some similarity in terms of objective achievement, our ways of doing, negotiating, and managing business are quite different. We also trust our foreign partners in technical know-how. We try to cooperate and help our foreign partner as much as we can. Cultural differences between partners sometimes lead to conflict in our views of business management and practice. Therefore, we need to

compromise and try to reach the solution at the optimum point.” (Quote construction coordination manager company A, interview 15)

7.6 JV performance (outcome)

The recession in Thailand had an effect on the foreign exchange rate. Because the JV needed to import a lot of material for the tunnel work and, therefore, to pay more money to suppliers and subcontractors, this in turn reduced the profit earning capacity of the JV. Broadly speaking, all JV partners are satisfied with the overall JV performance. Only the Japanese partner Y was not satisfied with the profit that the JV has achieved so far. The Thai partner is very satisfied with the JV objective achievement and expects to achieve all of their objectives by the end of project. The German and Japanese Z partners are also happy with the JV performance.

7.6.1 Satisfaction

Because this JV project has been financially supported by the Thai government, the JV seems to perform quite well and without too much impact from the economic recession in Thailand. All partners were satisfied with the overall performance and the relationships among themselves. Some viewpoints of interviewees regarding the JV satisfaction are quoted as follows:

“Yes, I would say...satisfied [with the] performance.” (Quote commercial manager company A, interview 3)

“Yes, I am satisfied with the negotiation outcomes of forming the JV. However, some partners wanted to get leadership, I think. That is exactly it. I think they have to be satisfied with that paper. Normally this joint venture is an integrated JV, no leader, no sound. Everybody wants to show their capability. So, no leader.” (Quote Co-[JV] project manager company A, interview 2)

“I think we have done very well on this project. [There are] very few problems. Many of things have been done smoothly. We have done the work properly. If we can continue as we are, this will be a successful project.” (Quote quantity surveyor manager company A, interview 14)

“The contractual agreement is quite important [but] I wouldn’t describe it as a legal force. But [it is] very important [to] allow limited flexibility. We are also quite satisfied with the negotiation at the tendering stage of forming [the] joint venture agreement and also, up to now, in the operation and execution of the project.” (Quote commercial manager company A, interview 3)

“I am satisfied with the JV performance outcome. However, we still need to develop further in order to achieve a better performance.” (Quote project manager company A, interview 1)

7.6.2 Achieving JV objectives

Almost all partners share the common objective of profitability and experience. The Thai partner has achieved their objectives on profitability and experience. The Japanese partner Y has learned how to do business with the Western partner. However, they (the Japanese partner Y) seem to have had a bad experience and impression with the German partner and are not very happy with them. In general, overall objective achievements by all partners are quite good. The following are the comments from the interviewees regarding the achievement of objectives:

“The learning is OK. But the profit is not so good. No good. I am not satisfied with the profit now from my view. You know we decided the target, lets say 5%. My boss said at least 5%. If you start working, your boss might say ‘what are you doing’, so, it must be better than 5%.” (Quote Co-[JV] project manager company A, interview 2)

“From the Thai partner’s viewpoint, we have a great achievement so far in our objectives which we set at the beginning of the joint venture formation. We have achieved both major and minor objectives. So far, we have won projects, we have operated the joint venture business until now, this is nearly half way already. Hopefully, we can achieve all the objectives set. The rest we haven’t achieved, but have good potential to acquire a new project to do, to develop our management skill, to reduce costs, to be trusted more.” (Quote project manager company A, interview 1)

“We evaluate our JV performance according to the profit we receive. So far our profit is quite good.” (Quote construction coordination manager company A, interview 15)

“I probably say 50%-60% [of plans that we have achieved]. When we speak to the contract people next door, they are not happy with this. They know, from their experiences, that this in between route which is neither here nor there is not the way to do it. So they can’t do their work properly. But the company as a whole is happy to go along that way. I think if you don’t have conflict then it will be easier. About technology transfer, I think we’ve done quite well on that. Our Thai partner has gained lots of experience. They are now capable of doing the [subway] station themselves.” (Quote quantity surveyor manager company A, interview 14)

“This [subway] project is the first [subway] project in Thailand. We employ a lot of [local] labour, and a lot of local staff. They gain a lot of technology [transfer] from us. In the future, the Thai partner can do construction work without any [need for help from an] international company. We provide a lot of technology [transfer] for them. All partners know how we can control profitability. I am almost satisfied with that profitability. We gain profit every year. Financial performance is good.” (Quote finance and accounting manager company A, interview 16)

7.6.3 Business relationship

Each partner tries to maximize their gain. Some partners even ask to do the subcontracted work themselves instead of offering it to other subcontractors at the higher price. However, this (subcontracting work by the JV partner) was agreed by all partners because they prefer to develop a long-term relationship. Opportunistic behaviour is pretty low in this JV project. However, each partner tries to protect their own interest and sets up a clear agreement to be followed. The relationship between the partners has developed quite well. They seem to understand and listen to each other more over time. Trust was also increased as the relationships between them (JV partners) have improved. All partners would like to progress to the next project, even though the Japanese company Y seems to be uncomfortable with the German partner. The following quotes describe the relationships between JV partners:

“I think the corporation has become closer and closer together with our partners. Because apart from our local partner, we are also working with two new [Japanese] partners. We get to know each other and the relationship becomes better than before. However, speaking for myself, the relationship between partners is mainly based on a business relationship only.” (Quote commercial manager company A, interview 3)

“We have a close relationship now. It has changed into a better relationship” (Quote finance and accounting manager company A, interview 16)

“Our relationships with the foreign partners is quite good. We seem to understand each other quite well, over time.” (Quote construction coordination manager company A, interview 15)

“[At the operational level,] it [relationship] is a lot better and we work as a JV. We don’t really think about gaps between ages, department. So, it doesn’t matter who is in whose department.” (Quote quantity surveyor manager company A, interview 14)

“Our business relationship with the foreign partners has developed quite well. Generally speaking, there have been no problems with our partners that we have not been able to resolve yet. Everything is manageable here.” (Quote project manager company A, interview 1)

7.7 Factors affecting JV performance (outcome)

Trust seems to be the most significant factor influencing JV performance. The cultural similarity of partners tends to promote less conflict and has a moderate impact on JV performance. This JV has a symmetric bargaining power but this factor tends to have a minor influence on the JV firm’s performance compared to trust and culture factors.

7.7.1 Bargaining power affecting performance

All partners seem to contribute the resources needed equally to the JV. There is no one partner who has more power to control the others in this JV. So, all partners have a balance in bargaining power. In this JV, the bargaining power of each partner is

similar and has tended to yield a successful JV performance. Here are the comments of interviewees regarding the impact of bargaining power on performance:

“We achieve quite a successful JV performance. We tend to have more power to negotiate with our foreign partner on issues dealing with the local knowledge whilst our foreign partners seem to have more power than us on management decisions regarding technical management and know-how.” (Quote construction coordination manager company A, interview 15)

“I think the key to successful performance is if each of the four partners can bring an area of expertise to the JV. So, [the German and Japanese Z partners] are very experienced in construction and especially in tunnel work. The Thai partner has got a lot of local experience so contributes knowledge of manpower and names of subcontractors in order for the [JV] company to do work more quickly.” (Quote quantity surveyor manager company A, interview 14)

7.7.2 Trust affecting performance

Trust is a very important factor which all partners should be concerned about. All partners would like to be trusted more by the others. So far, the level of trust between partners seems promising. All partners are quite keen to develop it further over time. A Thai interviewee considers trust to be a significant factor to influence the JV performance while one British manager working under the Japanese partner Z observed a significant impact of trust on JV performance.

“Trust is very vital to successful JV performance. It is acceptable if our partners operate business a little different from our agreement. We need to try to understand each other and focus on our long-term relationship for a success of our JV business.” (Quote construction coordination manager company A, interview 15)

“Trust comes into it [successful performance] quite a bit.” (Quote quantity surveyor manager company A, interview 14)

7.7.3 Culture affecting performance

Thai and British (working for Japanese partner Z) interviewees consider culture as a factor affecting JV performance. Cultural dissimilarity seems to have a negative effect on JV performance. Even though three of the JV partners have been working together for at least 10 years, they still have some conflict regarding cultural distance that needs to be resolved. The Japanese company Y who never had past experience with the German partner seems to experience a big cultural misunderstanding. However, cultural conflicts may ease as partners trust and develop a better relationship with one another over time. The interviewees' comments about the impact of culture on JV performance are given below.

“Our JV conflict often arose because we have cultural differences in ways of operating and negotiating business. I believe that they (the German partner) can operate business successfully if they use their own way of doing business in Hong Kong. However, doing this way in Thailand seems to result in less performance. It took us a great deal of time to resolve our conflict.” (Quote construction coordination manager company A, interview 15)

“Culture ‘yes’ that comes into it [influencing JV performance]. The Germans have their own culture. They have their own ways of doing things. They want German engineers all the time. So, we’ve to try to stop that and they’ve got to rely and trust more on our local engineering ability. I consider that the ability of the local engineer is very high.” (Quote quantity surveyor manager company A, interview 14)

“I think it [cultural difference and misunderstanding] affects JV performance and success. We’ve got a good match because we can’t do it with a Japanese coming, a German coming. We need a certain element of the different cultures and because with the Thai [partner] they have come to know how things work in Thailand. So, we still need Japanese and German [partners] because they’re bringing new technology here.” (Quote quantity surveyor manager company A, interview 14)

Chapter 8

Cross-Case Analysis, Comparison and Discussion of Results

The previous three chapters present the results of the case studies. In this chapter, the results presented in those chapters will be discussed. First, the cross-case comparison of the similarities and differences of JV companies A and E will be presented. This will be followed by discussion of the four propositions being tested, company by company, and considering the relationships between bargaining power, trust, culture, negotiation behaviour and JV performance. Next, a summary of the results of all six case studies will be reviewed for each proposition and an explanation of self-reference criterion (SRC) - free approach will be included and, finally, an overview of the data coding scheme will be provided. The chapter will end with conclusions to chapters 4-8. A revised conceptual model will also be included.

8.1 Cross-case comparison of the similarities and differences between JV companies E and A

There was a big difference in the length of negotiation time to form each JV company. It took company A only one week to form JV agreement whilst six months of negotiation was required for company E. One reason that company A was quicker than company E is because all the foreign partners of JV company A had known and worked with the Thai partner for more than ten years before the idea of forming the JV project arose. There was no past business relationship between the Thai and foreign partners of company E. So, past business relationships did help Company A to shorten negotiation time.

In contrast, the Thai partner of company E knew the foreign partners for a long period of time too but had never done business with them. As a result, they took more time to negotiate the contractual agreements, e.g. management decision-making, management responsibility, profit sharing, equity structure. Both JV agreements were signed in the same year, i.e. 1996. Both JV companies are in the service sector but in different kinds of business activity- construction and gas distribution. At the beginning of the JV, the amount of capital investment of company A was 16 times greater than company E. Company E has been growing very fast and now its capital investment has increased to a quarter that of company A. Over three years, company A has doubled its total assets, while the assets of company E remain the same. The revenue of both companies in the early stages of JV was similar. However, company A now earns 26 times more income than company E. Company A plans to terminate the JV in the year 2007 whilst company E has an infinite duration. Both companies need a licence from the Thai government to operate their business.

The comparison of characteristics of JV firms is shown in the following table 8-1

Table 8-1
Characteristics of IJV firms in the case studies of companies A and E

JV Company	Company A	Company E
Nature of Service	Construction	Gas Distribution
Length of Negotiation (months)	1/4	6
Agreement signed	1996	1996
Total Capital Investment (Baht Million) <i>Start up: Now</i>	2,000:2,000	125:500
Equity (% Thai/Foreign)	25/75 (Foreign: 25:25:25)	51/49 (Foreign: 27:22)
Duration	10	Unlimited
Service Market	Domestic	Domestic
Total Assets (Baht Million) <i>At founding: Now</i>	1,671:3,871	500:543
Revenues (Baht Million) <i>First year: Recent year</i>	11:5,197	18:200
No. of Employees	2,282	46

Foreign partners from both companies share reasons for establishing JV with the Thai partner: i.e. government connection and market access. Two common reasons for the Thai partners' choice of foreign partners are technology and marketing know-how. Profitability is a common objective set by all partners of both JV companies. All the partners of company A share two common goals: experience and profitability; whereas all the partners of company E set sales and profitability as their short-term

objectives. The Thai partner of company E aims to achieve a reduction in air pollution whilst the Thai partner of company A would like to fulfill an obligation to complete and deliver work to the client. The specific aim of the foreign partners of company E is to expand the market to new locations whilst the foreign partners of company A seem not to have a specific aim that is quite distinct from others.

The partners of company A share an equal amount of equity whereas the Thai partner of company E holds a majority of shares. Foreign partners of company E did not have the choice to enter JV business with other Thai companies, whilst foreign partners of company A did have many choices but preferred to join business with the Thai partner because of their long-term relationships. Because they are equity JV companies, all partners need to pool the money to their JV companies in relation to the equity they hold. The Thai partners of both JV companies provide similar resources. These resources include management expertise, non-technical personnel, government connections, local knowledge, information and market access. All foreign partners of both companies contribute technology, technical personnel, know-how and management expertise. Generally speaking, all the foreign and Thai partners of both companies contribute resources equally to their JV companies. However, over time, the resources needed by the Thai partner of company E have decreased whilst the resources needed from each partner of company A has remained the same. Because the Thai partner of company E could have chosen many other partners, hold a majority share and need less resources from their foreign partner over time, this leads them to have more bargaining power with their foreign partners. In contrast, all partners of company A seems to share an equal amount of resource contribution and

they also had alternative choices of partners to enter JV. The strategic importance of the joint venture to the overall business of all parents seems to be at the same level (moderate). As a result there has been an approximate balance in the bargaining power of all partners in this JV.

Table 8-2 below shows the comparison of bargaining power between the Thai and their foreign partners (companies E and A).

Table 8-2
Bargaining power of Thai Vs. foreign partners (companies E and A)

	Company E			Company A			
Partner's nationality	Thai	British	Belgian	Thai	Japanese Y	Japanese Z	German
Strategic importance	low/moderate	moderate	moderate	pretty high	high	moderate	moderate
Alternative choice	high	no	no	high	moderate	moderate	moderate
<u>Resource contribution</u>							
Management Expertise	fairly equal	fairly equal	fairly equal	fairly equal	fairly equal	fairly equal	fairly equal
Non-technical personnel	high	low	low	high	low	low	low
Government connection	high	low	low	high	low	low	low
Local knowledge and information	high	low	low	high	low	low	low
Market access	high	low	low	high	low	low	low
Technology	low	high	high	low	low	high	high
Technical know-how	low	high	high	low	moderate	high	high
Marketing know-how	moderate	high	high	---	---	---	---
Technical personnel	low/moderate	high	high	low	moderate	high	high

	Company E			Company A			
Partner's nationality	Thai	British	Belgian	Thai	Japanese Y	Japanese Z	German
Equity	high	moderate	moderate	equal	equal	equal	equal
Overall bargaining power	high	moderate	moderate	high	pretty high	pretty high	pretty high
	imbalance			approximately balanced			

Trust between the Thai and foreign partners of company A has developed quite well. Even though there have been some conflicts and opportunism between partners (company A), those problems seems to be of little importance and haven't affected their long-term relationships. Trust between the Thai and foreign partners of company E has developed over time since the beginning of the JV formation. However, at the time of interview, trust seems to have declined because of opportunism and cultural misunderstanding in relation to the sharing of long-term objectives and commitment. Accordingly, comparing both JV companies, company A has a higher level of trust between the Thai and foreign partners than company E. The foreign companies' reputation is one of the concerns for the Thai partner of company E, whether to trust the capability of their foreign partners or not. In company A, the Thai partner trusts the foreign partners because of past experience rather than their reputation. Reputation was the only concern when the Thai partner (company A) chose to do business with the foreign partners prior to this JV project over ten years ago.

There is a big cultural difference between the Thai and Western partners of both JV companies. The Western partners of both companies have tried to understand and adapt to the Thai partner's culture over time. However, the Western partners of

company A tend to understand the Thai partner's culture better than the Western partners of company E. One reason is because the Western partners of company A had a longer relationship with the Thai partner than the Western Partners of company E. Both Thai and Japanese partners of company A seems to share a cultural similarity. The Western partners of both JV companies prefer to use formal letters and documents whilst the Thai partners of both companies place more emphasis on verbal agreement and allow more flexibility to the contractual agreement. The Western partners of both JV companies prefer a confrontational and aggressive style of negotiation while the Thai partners' negotiation style is gentle. Although there are some differences in the style of negotiation, the Thai partners of both JV companies can understand and accept the negotiating styles of their Western partners.

The Western partners of both companies tend to argue with their Thai counterpart at the beginning of JV business negotiation. However, they also understand that to reach an acceptable decision, in the end, they need to compromise with the Thai partner. Accordingly, Western partners of both companies often tend to implement compromising strategy at the end of their business negotiation even though they think that it is not the strongest solution.

Although bargaining power seems to have some influence on the negotiation strategies used by all partners of both companies, it seems not to be a major factor. Trust between partners seems to have a moderate impact on the negotiation strategy used during business negotiation. As trust between the partners of company A became better developed, each partner tended to use compromising tactics rather than competing behaviour. The slowly developing trust between the partners in company

E had just as big an impact on the negotiation strategy used by partners. The foreign partners tend to argue more with the Thai partner in order to achieve their long-term objective (i.e. business expansion to new location).

Cultural differences seem to have a pretty high influence on the negotiation tactics used by all partners of both companies. However, as each partner of both companies tries to understand and adapt to each other's culture over time, they tend to compromise where possible.

In short, there was a high use of compromising strategy between partners of both companies E and A. Competing and collaborating strategies were used moderately by both companies E and A. Both companies E and A rarely use avoiding tactics.

All partners of JV company A are satisfied with the JV performance. The Thai partner of company E has a high level of satisfaction in the overall JV performance whilst the foreign partners (British and Belgian) had a moderate level of satisfaction in the overall JV performance. Profitability objectives have been achieved by all partners of both companies except the Japanese Y partner of company A. The Thai partners of both companies have achieved learning and experience. All partners of both companies have achieved technology and know-how transfer. The business relationship between the partners of company A is quite good, while a moderate relationship between the Thai and foreign partners is found in company E. The following shows a comparison of the JV performance of companies E and A.

Table 8-3 below summarizes the level of JV partners' satisfaction, objective achievement, business relationship and overall performance.

Table 8-3
JV performance (companies E and A)

	Company E			Company A			
Partner's nationality	Thai	British	Belgian	Thai	Japanese Y	Japanese Z	German
Overall performance	high	moderate	moderate	high	pretty high	high	high
Partner's satisfaction	yes	partially	partially	yes	yes	yes	yes
<u>Objective achievement</u>							
Profit	yes	yes	yes	yes	no	yes	yes
Learning & experience	yes	---	---	yes	yes	yes	n.a.
Creditability	---	---	---	yes	n.a.	---	---
Technology and know-how transfer	yes	yes	yes	yes	---	yes	yes
Sales	yes	partially	partially	---	---	---	---
Business growth	yes	partially	partially	---	---	---	---
Air pollution reduction	yes	---	---	---	---	---	---
Market expansion (new location)	---	no	no	---	---	---	---
Gaining critical size	---	---	no	---	---	---	---
Market access	yes	partially	partially	---	---	---	---
Overall business relationship	moderate (Thai: foreign)	moderate (Thai: foreign)	moderate (Thai: foreign)	good	pretty good	good	pretty good

All partners of both companies perceive trust as a significant factor influencing JV performance, except the Belgian partner of company E. All partners of both companies believe that cultural misunderstanding has a considerable impact on JV performance. The bargaining power of JV partners of both companies seems to have a minor effect on JV performance.

Table 8-4 below summarizes the results of the study regarding bargaining power, trust, culture, negotiation behaviour and outcome.

Table 8-4
Predictor-Outcome Consequences: Antecedents and Consequences of JV negotiation

	Antecedents					Mediate variable	Outcome		
	Bargaining power		Trust	Culture		Negotiation Behaviour/ tactic	Performance		
	Thai	Foreign		Difference	Understanding		Thai	Foreign	
Company A	high	pretty high	<u>Thai: Japanese Y</u> high	<u>Thai: Japanese Y</u> low	<u>Thai: Japanese Y</u> high	compromising (high) avoiding (low) competing (moderate) collaborating (moderate)	high	<u>Japanese Y</u> pretty high <u>Japanese Z</u> high <u>German</u> high	
			<u>Thai: Japanese Z</u> high	<u>Thai: Japanese Z</u> low	<u>Thai: Japanese Z</u> high				
			<u>Thai: German</u> high	<u>Thai: German</u> high	<u>Thai: German</u> high				
			<u>German: Japanese Y</u> low	<u>German: Japanese Y</u> high	<u>German: Japanese Y</u> low				
	approximately balanced		<u>German: Japanese Z</u> moderate	<u>German: Japanese Z</u> high	<u>German: Japanese Z</u> moderate				
	Company B	high	pretty high	high	low	high	compromising (pretty high) collaborating (high) competing (low)	high	moderate

	Antecedents					Mediate variable	Outcome	
	Bargaining power		Trust	Culture		Negotiation Behaviour/ tactic	Performance	
	Thai	Foreign		Difference	Understanding		Thai	Foreign
Company C	high	high	high	high/ moderate	high	compromising (moderate/ high)	pretty high	pretty high
	balanced					collaborating (high)		
Company D	moderate /high	high	high	high	high	compromising (high)	high	high
Company E	high	moderate	<u>Thai: British</u> moderate	<u>Thai: British</u> high	<u>Thai: British</u> moderate	compromising (high)	high	<u>British</u> moderate <u>Belgian</u> moderate
	imbalance		<u>Thai: Belgian</u> moderate	<u>Thai: Belgian</u> high	<u>Thai: Belgian</u> moderate	avoiding (low)		
Company F	pretty high	high	moderate	high	low	compromising (moderate)	low	low
						competing (moderate)		

The overall trust and cultural understanding of JV partners is shown in the table 8-5 below.

Table 8-5
Overall trust and cultural understanding of JV partners

	Overall trust	Overall cultural understanding
Company A	<u>Thai</u> high	<u>Thai</u> high
	<u>German</u> moderate	<u>German</u> pretty high
	<u>Japanese Y</u> pretty high	<u>Japanese Y</u> pretty high
	<u>Japanese Z</u> pretty high	<u>Japanese Z</u> pretty high
Company E (Thai: foreign)	moderate	moderate

8.2 Discussion of results

8.2.1 Proposition 1: *JV performance is positively related to symmetric bargaining power.*

To have a clearer picture of the relationship between bargaining power and performance, each case study was analysed individually. The differences across cases are reconciled and finally the integrated results are presented. In addition, the explanation given in proposition 1 regarding JV performance will be referred to the following propositions 2, 3 and 4, when explaining the relationship between independent variable and JV performance (dependent variable).

8.2.1a Company A

There is an approximate balance in the bargaining power of all JV partners for making strategically important decisions at top management level. All major management decisions must be agreed by all four partners. However, when major conflicts arose and problems could not be resolved, it was the role of the Thai partner to finalise the decisions. This has been agreed and accepted by the foreign partners because the JV agreement has specified that the Thai partner can lead and make a decision in case of conflicts. Also, all foreign partners pay high respect to the Thai partner because of their long-term relationship and experience. Another issue, encouraging the foreign partners to salute the Thai partner, is that they are also looking forward to a long-term future business relationship in addition to this JV project. At the board level, the bargaining power rests equally between both sides. There is an equal number of Board members from each partner. The rule of consensus applies when there is a conflict of interests at the board meeting. The Board of Directors seems to play a role in company's policy making, rather than getting involved with management decision-making. This is especially true in cases where there is a conflict of interests between partners, even though the agreement has authorized the board members to make the management decisions. When agreement cannot be reached by the four partners, the decision must be left with the Board of Directors. However, in practice, the problem would most likely be returned to top management to finalise. Accordingly, management power seems to rest with all JV partners at top management level with the Thai partner only dominating the decision if the problems are extremely significant. Theoretically, if the decision still cannot be reached at both top management and board levels, the final decision will be decided at the shareholder

level of all partners equally. However, because all foreign partners have had a long relationship with the Thai partner, especially a personal relationship with the Thai owner, therefore, they all seem to agree and leave the final decision to the Thai owner.

Because the power is equal between partners, each partner tries to exercise their power as far as they can. This sometimes results in a negative conflict between partners. One example of this is shown clearly in the conflict between Japanese Y and German partners, regarding the cost of spending and purchasing. Another is that of the moderate conflicts between the German and other partners when the German partner makes a strong demand for German engineers to work on site. This was perceived by other partners (Thai, Japanese Y, Japanese Z) as an unnecessary demand and incurring excessive costs because in over half of this work, the German engineers could have been replaced by Thai engineers.

The overall approximate balance in bargaining power of all partners is derived from the following causes. The perceived strategic importance of the JV to the overall business of all parents seems to be somewhat high. There is equal shareholding between all partners. They all pooled their investments and, in return, the profit received is divided equally, in proportion with the equity structure. All foreign partners had some choice to enter JV with a number of other Thai and foreign partners to bid for this (JV) project from the Thai government. But all foreign partners seem to prefer their Thai partner because of their long business experience and high confidence. Additional reasons are that the Thai partner is very well renowned and had great potential to lead the team (partners) to successfully acquiring the project. The Thai partners themselves also had ample choice to enter JV business with other

potential foreign partners. However, they also preferred to stick with their former alliances. They believe that these three foreign companies are best suited to produce an efficient output, which in turn leads them to achieve successful business operation and performance. All resources have been contributed more or less equally. The scarce resources provided by the German and Japanese partner Z are technology, technical know-how and management and technical personnel in relation to the construction of tunnels and engineering design. The Japanese partner Y contributes significantly in financial and accounting management. The Thai partner provides a scarce resource in terms of government connection, local knowledge and information and market access. Management expertise has been supplied evenly by all JV partners.

The economic downturn in Thailand, as an external factor seems to have had a slight impact on the performance (outcome) of this JV company. Foreign partners incurred extra cost due to the volatility of foreign exchange rate – particularly the weakness of the Thai Baht. The company had to pay more for the cost of material imported from abroad. However, it seems not to have had a major impact to the performance of the JV. Additionally, the economic debacle has resulted in many big and medium-sized businesses quickly running out of cash which, in turn, had a great effect on business performance. This has not affected this JV project because the money has been supported directly from the Thai government. It has affected the value of the investment made, and also the value of profits earned, by the foreign partners.

The common objectives that have been shared by most partners are profitability and experience. None of the partners have a difference in their major objectives. At the

time of conducting research, the JV project had reached about the half way stage of its business life and all partners had a high level of satisfaction with the current overall JV performance. The Thai partner has achieved most of their main objectives which include (annual) profit, learning and experience, credibility and technology and know-how transfer from the foreign partners. The Japanese partner Y received learning and experience as they expected. However, even though the Thai, Japanese Z, and German partners are satisfied with the profit received, the Japanese partner Y believes that the JV should have produced a better profit than it had done. They (the Japanese partner Y) expected a high profit. Accordingly, they seem not to be happy with the current profit generated. The Japanese partner Z has gained experience and learning, as they wanted. Also, both Japanese Z and German partners achieved a high level of technology and know-how transfer to the local (Thai) partner. However, the Japanese partner Z believes that to be able to operate business alone, the Thai partner needs more time, longer than this JV project, to learn all the technology and know-how that the Japanese have accumulated for more than 30 years. The learning and experience gained by the Germans has not been identified. The business relationship between the Thai and all foreign partners is good. The overall relationship between Japanese Y and other partners is pretty good. The German and other partners have an overall pretty good relationship. The overall relationship between Japanese Z and other partners are good. All foreign partners are still looking forward to continuing the partnership with the Thai partner for the next project, even though there seems to be conflict between the Japanese Y and German partners, regarding the way of doing business.

In summary, the research finding shows a positive relationship between symmetric bargaining power and JV performance. All partners, having approximately equal bargaining power, are similarly satisfied with the overall JV performance.

8.2.1b Company B

The Thai partner has a similar level of bargaining power as the Japanese partner. At the beginning of the JV operation 22 years ago, the MD came from the Japanese side (as specified by the JV agreement) because the Thai partner still lacked experience in operating a leasing business. It was a very new line of business for the Thais. The Thai partner learned quickly, watched closely by the Japanese partner, so the Japanese partner soon became confident that the Thai side could direct the company. Therefore, they have transferred the top management control to the Thai side. However, they still send a Japanese expatriate to serve as deputy MD. Important decision-making power rests with the two top managers in this JV company. All decision making must be signed and agreed by both of them (MD and deputy MD). However, the Japanese partner seems to perceive that the Thai MD is working for the benefit of JV rather than the Thai parent itself. So, the Japanese partner respects this Thai MD. Even though the power is more or less equal, the Japanese partner tends to trust and agree with the Thai partner because of their long past business relationships. The Board of Directors of this company plays a significant role in both policy making and also management decision making, particularly when the amount of loan in credit marketing is over a certain limit, e.g. 40 Baht million. Each partner prefers not to exercise their power and they do not experience major conflict.

Four sources of balance in the bargaining power of partners are examined in detail as follows. The Thai partner holds 1 percent more shares than the Japanese partner. This equity structure has influenced bargaining power since the JV business operation began. Thai law states that the Thai partner must have at least 51% of the registered capital. However, this law has since been changed, because of the economic crisis and the consequent need for foreign capital investment. The partners have invested in proportion to the equity structure. In return, they receive profit according to the equity they hold. Both partners seem to have had moderate choice of partners before JV formation. However, because of a third party recommendation, as well as the high reputation of both parent companies within their own countries, they decided to form the JV without taking too much time in considering other choices. The perceived strategic importance of both parents to the overall business seems to be approximately the same level. Both partners seem to provide the required resources equally. The Thai partner contributes mainly scarce resources of local knowledge and government connection whilst the Japanese partner makes a significant contribution of know-how, marketing skill and service. Both of them provide management expertise.

The economic crisis in Thailand has been an external factor influencing the JV performance. It has resulted in fewer customers coming in to hire the manufacturing machinery and, therefore, profit earned has been less than expected. This external factor seems not to have had a great effect on JV performance, in the view of the Thai partner. However, the Japanese partner seems to take it into account seriously since their profit also fell due to the depreciation of the Thai Baht.

The main objective shared by both partners is profit. The Thai partner achieved the profit they expected. However, the Japanese partner is not satisfied with the profit made. One reason for the dissatisfaction of the Japanese partner is because of the loss of money when the foreign currency exchange market was so volatile. The Japanese partner also expected the JV to earn a higher profit. Business growth, market access, know-how transfer and management expertise have been achieved successfully from the Thai viewpoint. The Japanese partner has also achieved the know-how they expected to transfer to the Thai partner. However, the Japanese partner is not happy with the service marketing achieved. They want to see a better output from this. The Japanese partner partially achieved their objectives of business growth and market access. The business relationship between partners has developed very well. The Thai partner is satisfied with the overall JV performance whilst the Japanese partner's overall satisfaction is moderate. The reason that the Japanese partner is not extremely satisfied with the overall performance is that of low profit and service marketing.

In short, both partners exercise an equivalent amount of power and both of them are satisfied with the overall performance. In other words, symmetric bargaining power, exercised equally by both partners, was found to be consistent with the JV performance.

8.2.1c Company C

The bargaining power of both partners is even. According to the JV agreement, the top management (the Thai partner MD) has the sole right to make business decisions and to direct the business. However, in practice, the Thai top management seems to

pay respect to the foreign partner by asking opinion and recommendation before making any important decision. They (the Thai top management) also listen to the Dutch partner's opinion and try not to implement decisions if they are not first agreed by the Dutch partner. Initially, the Dutch partner holds the post of MD then the post is transferred to the Thai partner. Thereafter, the Thai partner can nominate the MD. However, the Dutch partner has the right to reject the Thai MD if they don't feel that the selected MD has the ability to direct the JV business. There is also equal power on the Board of Directors - five board members from each side. The Board of Directors normally makes the JV policy and decides if the level of new investment is over the limit of the MD's authority. Generally speaking, all management responsibility is shared at top management level between the MD and the deputy MD. Neither of the partners have tried to exercise their voting right at the board meeting, even though JV agreement applies the rule of majority.

Both partners seem to have equality in bargaining power due to the following reasons. The Thai partner has only one percent more equity than the Dutch partner. The money pooled and profit received are related to the proportion of equity held by each partner. The perceived strategic importance of the JV to the overall business of both parents is at the same level (pretty high). Both partners had moderate choice to enter JV business with other partners. However, as a partner in a JV company, the Thai partner seemed to be the best choice. They have won a concession from the Thai government. All resources needed have been contributed more or less equally by both partners. The Dutch partner contributed a scarce resource of know-how whilst the Thai partner provided the scarce resource of government connection and local

knowledge. Both partners provide management expertise, technical personnel and marketing service. Non-technical personnel are mainly provided by the Thai partner.

The external economic factor has influenced the profit the JV company earns. The sluggish economic situation in Thailand led to lower than expected profit. However, the JV still made a profit. All partners seem to understand this situation and don't take this into consideration seriously when assessing the overall JV performance.

Both partners have a high level of satisfaction regarding the overall JV performance. The main objectives shared by both partners are profitability and business growth. Both partners have achieved a high level of business growth and a moderate level of profitability. The Dutch partner has achieved an increase in management skill (moderate/high), credibility and reputation (high) and market access (moderate). The Thai partner has achieved know-how transfer successfully. They have also achieved market access partially. The business relationship between the partners has developed very well.

Overall, company C data suggests a positive correlation between symmetric bargaining power and JV performance. In other words, equal power exercised by both partners has led partners to have a pretty high level of satisfaction in the JV performance.

8.2.1d Company D

The New Zealand partner seems to have a slightly higher bargaining power than the Thai partner. All major management decision making has been decided by the New Zealand partner (MD). At the management level, although the Thai partner has only slightly less bargaining power than the New Zealand partner, it seems that they (the Thai partner) leave all strategically important decisions to be made by the New Zealand side. The Thai partner seems to act in a supportive role to the management, e.g. providing local information or expressing an opinion. Accordingly, there was no conflict at all at the management level. At the board level, both partners play an equal role - three Board members from each side. The rule of consensus has been applied when making a decision at the board meeting. If there is an equal vote, the chairman, who alternates between partners every year, will make a decision.

Both partners hold equal shares. But because of the Thai law requiring that the Thai partner holds at least 51%, one percent of the shares have been kept with the Thai lawyer representing the foreign partner. Both partners contribute money equally to the JV and also receive equal returns. The perceived strategic importance of the JV to the overall business of both parents seems to be almost at the same level (high). Both partners had plenty of choice of partners. However, the Thai partners had more choice because they are renowned in Thailand and many companies would have liked to join them in business. The New Zealand partner preferred to enter JV with the Thai partner because they believed that the Thai partner made the best partner at the time of JV formation. The scarce resources provided by the New Zealand partner include know-how, management expertise, technology, trademark and technical personnel.

The Thai side provides scarce resources in terms of local knowledge and government connection. Marketing skill has been contributed equally by both partners. Both partners also provide marketing service. Non-technical personnel have been supplied by the Thai side.

The economic crisis (as an external factor) in Thailand seems to have only a slight impact on JV performance. It has led the JV to open and expand the market to other Asian countries. However, it has not made a considerable impact on the overall performance of the JV. The performance of the company still looks promising.

Profitability, market share and business growth are the common objectives shared by both partners. The Thai partner has a high level of satisfaction, with a slightly higher level from the New Zealand partner, regarding the overall performance of the JV. Business growth has been achieved successfully by both partners. Both partners are happy with the high profit earned. However, the New Zealand partner is more satisfied with the profit received than the Thai partner. Both partners believe that market share and service marketing have been achieved moderately. They both have a high perception of market access achievement. The know-how transfer to the Thai partner has been achieved successfully by the New Zealand side. Whilst the Thai partner views that they have partially achieved know-how transfer. The business relationship between partners has developed extremely well.

To sum up, the New Zealand partner, who has a slightly higher bargaining power than the Thai partner, achieved a high level of satisfaction in the overall joint venture

performance. Whilst the Thai partner, who has slightly less bargaining power than the New Zealand partner, achieved a slightly lower level of satisfaction with the overall JV performance. In other words, the pattern of symmetric bargaining power exercised by both partners was found to be consistent with the perception of JV performance.

8.2.1e Company E

The bargaining power between the Thai and foreign partners is not balanced. The Thai partner has more bargaining power than both the British and Belgian partners. Both British and Belgian partners share the same major objectives and seem to have quite similar opinions when negotiation takes place. Accordingly, there was no conflict arising between these two foreign partners at all. The use of bargaining power during negotiation tends to happen between the Thai partner and its foreign partners. At the management level, *all important decisions must be agreed by all partners*. The power of each partner tends to be more or less equal, even though the number of top management personnel from the Thai side is one more than the foreign side. At the board level, the Thai partners seem to have more bargaining power than their foreign partners. The Thai partner has one more board member than the foreign side. In practice, the rule of consensus applies when making decisions at the board meeting. However, there was only one occasion that the Thai partner exercised its power to nominate the MD from the Thai side. The involvement of Boards of Directors on strategic management decision making seems to be more intense than other companies in this study. The management team normally manages day-to-day business in general and leaves all important issues/problems to be decided at the board level.

The Thai partner holds a majority of shares. The foreign partners hold a minority of shares. The Belgian partner holds slightly more equity than the British partner. The foreign partners had no other choice but to enter JV with the Thai partner. The Thai partner controls the gas distribution business in Thailand (monopoly). The perceived strategic importance of the JV to the overall business of the Thai parent seems to be a little lower than the foreign parents (moderate). The Thai partner had lots of choice to enter JV with other partners. However, they chose to enter with these two foreign partners because they consider that both foreign partners are internationally renowned and possess the technology and know-how which the Thai partner needs. They also didn't want to waste time considering or searching for other options since they had found the perfect match as partners. The scarce resources supplied by the Thai partner are local knowledge and information. Both foreign partners contribute scarce resources in terms of *technology and technical know-how*. *Marketing know-how and* management expertise have been contributed by all partners. The Thai partner provides most of the non-technical personnel. Technical personnel have been supplied from the foreign side more than the Thai side.

The economic crisis (an external factor) in Thailand seems to have had little impact on the JV performance. Although the profits earned and income received were a bit less than expected, all partners seem to understand their business situation and tried not to take it into account. For that reason, this external factor doesn't seem to affect the partner's perception of the JV overall performance.

The Thai partner is satisfied with the overall JV performance. Both foreign partners have a moderate level of satisfaction with the overall JV performance. The Thai partner achieved profit, learning & experience, technology and know-how transfer, sales, business growth and air pollution reduction successfully. However, even though short-term objectives of profit and technology & know-how transfer to the Thai partners have been achieved successfully by both foreign partners, the long-term objective regarding market expansion to the new location has not been reached. Also, there has been a problem of misunderstanding between the Thai and the foreign partners in relation to internal competition between the Thai parent and the JV company itself. Neither foreign partner is happy with this inter-company conflict. However, this problem was resolved recently. The problem of internal competition and the unmet long-term objectives of foreign partners as regards market expansion to new locations has shaken the relationship between the Thai and foreign partners a little. However, the overall relationship between the Thai and foreign partners is moderate because they still want to keep the business moving forward and increase their business performance. Both foreign partners achieved market access, sales and business growth partially. The Belgian partner did not achieve their long-term objective regarding gaining critical size in order to be able to control the market in the future when the gas business is expected to be liberalised.

To sum up, company E data suggests a positive relationship between symmetric bargaining power and JV performance. The Thai partner, whose power is greater than its foreign counterpart, achieved a higher level of JV performance.

8.2.1f Company F

The Australian partner has a little more bargaining power than the Thai partner. At management level, the Thai partner is mainly involved with the financial and accounting aspects and leaves all other strategically important decision making to the Australian partner. At board level, both partners play an equal role. The composition of the Board of Directors is two Australian and two Thai. The rule of consensus has often been used at board meetings. Decisions have never been put to a vote at board meetings.

The Thai partner holds one percent more shares than the Australian partner. All the money contributed and the profit received are related to the share holding structure. Both partners had a great deal of choice of partners to enter JV. The perceived strategic importance of the JV to the overall business of both parents (Thai and Australian) seems to be approximately at the same level. However, the Thai partner seems to have had a little bit more choice as they are a big company with strong financial support, diversifying to a great variety of businesses. The Thai partner was considered by the Australian partner as the best company to choose as a partner to enter JV. The Australian partner has contributed scarce resources in terms of know-how and technology whilst the Thai partner has supplied scarce resources of local knowledge and (government) connections. Management expertise has been supplied from the both sides. Non-technical personnel have been mainly contributed by the Thai partner.

The economic crisis (as an external factor) has made a great impact on the real estate business in Thailand. The main impact has been on the construction market, especially on housing. The building market has collapsed. Supply in this market has been much higher than demand. Also, most companies in this market are facing cash flow difficulties. It would be very difficult to revitalise the property market at the moment since the purchasing power or customer demand in this market is very low. As a result, most companies in the property market have achieved a low business performance (outcome).

Both partners are not satisfied with the overall JV performance. They cannot achieve profit, business growth and market access. The transfer of know-how has been achieved partially by the Thai partner, whilst the Australian partner believed that they have successfully transferred know-how to the Thai partner. The business relationship between partners has developed moderately. However, each partner tends to recognise the importance of relationship building more than before.

In summary, both partners, whose bargaining power is approximately equal, obtained a low performance of JV. The results of the case study suggest that the external factor regarding economic crisis in Thailand has had a substantial impact (on the construction business e.g. building) on the performance of the JV which has diverted the direct relationship between symmetric bargaining power and JV performance.

8.2.1g Summary of all six case studies' results

The results of the case studies A, B, C, D, and E provide a majority support to the positive relationship between bargaining power and JV performance. Case study F shows an opposite result to proposition 1. However, the negative result of case study F seems to be considerably influenced by the external factor, i.e. the economic crisis, rather than the impact of bargaining power on JV performance alone. Accordingly, the findings of the case studies seem to support the relationship between symmetric bargaining power and JV performance.

The comments of two interviewees from company A confirm that a balance in bargaining power leads the JV company to perform successfully (See section 7.7.1). The criticism of one interviewee from company E shows that their lower bargaining power resulted in lower performance achieved (See section 6.7.1). The remark of an interviewee from company D supports the view that equality in (bargaining) power leads the JV to achieve successful performance (See section 5.9.1).

8.2.2 Proposition 2: *JV performance is positively related to trust.*

To have a clearer understanding of the relationship between trust and performance, each case was analysed individually. Then, the differences across cases were reconciled before the integration of results was presented.

8.2.2a Company A

There has been a high level of trust between the Thai partner and its foreign partners (German, Japanese Y, and Japanese Z). Trust between the Thai and the foreign partners has increased over time since the start of JV formation. They (the Thai and foreign partners) also trusted each other before the formation of the JV project because they had a business relationship for at least ten years prior to starting up the JV. They understand each other well and believe in each other's strength and capability to complete the project effectively. Despite this, some minor conflict arose between them. Trust between the German partner and Japanese partner Y seems to have developed at a very slow rate. One reason might be because it is the first time that they have worked together. They still lack business experience, relationship and confidence in one another. Because of low trust between the German and Japanese partner Y, the Japanese partner feels the need to watch closely the way the German partner spends money, e.g. purchase of material. As a result, the Japanese Y partner's satisfaction regarding JV performance seems to be a little lower than the other partners. In contrast, trust between the German partner and Japanese partner Z has developed at a moderate level. There was a distinct problem of trust between the German and other partners regarding the use of engineers at the construction site. The German partner prefers to use German engineers whilst the other partners believed that the Thai engineers can do some of this work at a much cheaper cost. The German partner didn't trust and follow the other partner's recommendation at the beginning of JV operation. Over time, trust between each partner has increased. The German increasingly trusts the ability of the Thai engineers and agrees to use them in more situations. This, in turn, led to reduced costs. Because of the overall high trust

between partners, they believe that when conflict arises, they can resolve it internally. They never use or refer to their JV agreement at all. As trust between partners developed before the negotiation of the JV formation, this saved them a lot of time and money in the formation of the JV. Referring to the explanation regarding the JV performance of company A in proposition 1, The Thai, German and Japanese partner Z have a high level of satisfaction in the overall JV performance whilst the Japanese partner Y has a little bit less satisfaction than other partners.

In short, the research finding shows a positive correlation between trust and JV performance. In other words, the Thai partner who has a high trust with the foreign partners achieves a high level of overall JV satisfaction. The German partner who has an overall moderate level of trust between partners achieves a high level of overall JV satisfaction. The Japanese partner Z who also has an overall pretty high level of trust between partners is satisfied with the overall JV performance. The Japanese partner Y (overall pretty high trust) who seems to have a problem and tends not to trust the German partner but does trust other partners believe they have achieved a pretty high level of JV performance.

8.2.2b Company B

Trust between the Thai and Japanese partner is very high. The Thai and Japanese partners never had past business experience together before entering the JV. At the JV formation, trust between both partners developed solely from the companies' reputation. Also, they seem to trust the third partner who recommended them to form a JV. Both of them trusted that third party. Over time, trust has increased and the

Japanese partner is confident that the Thai partner can direct the JV company. As a result, they transferred the MD chair to the Thai partner. Theoretically, when making a decision, the agreement must be signed by both partners. However, the Japanese partner seems to pay respect and trust to the Thai partner. So, there was not a big conflict at all at the management level. Referring to the explanation regarding the JV performance of company B in the proposition 1, the Thai partner is satisfied with the overall performance whilst the Japanese has a moderate level of satisfaction with the overall JV performance. The reason that the level of satisfaction of the Japanese partner is lower than that of the Thai partner is because the Thai partner did not take the impact of the economic crisis into consideration when assessing JV performance. The Japanese partner had to transfer their money back to their headquarters and they lost a lot of profit with the depreciation of the Thai Baht. The low achievement in terms of service marketing by the Japanese partner seems not to have had a big effect on their assessment of overall JV performance because their one main objective is profit.

In summary, the result of this case study seems to suggest a positive relationship between trust and JV performance. Both partners have a high level of trust. The Thai partner is satisfied with the overall JV performance whilst the Japanese partner would also have had the same high level of satisfaction on the JV performance as the Thai partner. But because they lost their profit through the currency exchange, their level of overall satisfaction is less than that of the Thai partner.

8.2.2c Company C

Trust between the Thai and Dutch partner is very high. Although they didn't have any business relationship together before the formation of JV took place, both of them seem to trust each other through the company's reputation. The Dutch parent is very well known internationally whilst the Thai partner is renowned throughout Thailand. Trust has increased over time as the relationship develops. Trust also increased as both partners made it clear they intended to operate business for the benefit of the JV rather than trying to take advantage or behave opportunistically towards one another. Opportunism has never occurred in this JV. Trust between partners has increased dramatically since the beginning of the JV operation. The Dutch partner even trusted the Thai partner to take the seat of MD for an unlimited time after the first six years of the JV operation. They (the Dutch partner) seem to have a high level of trust in the Thai partner since the negotiation to form the JV agreement. Referring to the explanation regarding JV performance of company C in proposition 1, both partners seem to have a high level of satisfaction regarding the overall JV performance.

Overall, the case study results show that trust is positively related to JV performance. Both partners have a high level of trust in each other and achieved a pretty high overall JV performance.

8.2.2d Company D

The level of trust between the Thai and New Zealand partner was very low during the negotiation to form the JV agreement and at the start of JV operation. There was not much confidence that the partner would contribute significantly to the JV. Therefore,

the Thai partner felt the need to watch the financial operation of the JV closely. The Thai partner even proposed to have a Thai manager to keep an eye on the financial position. There was also no past business relationship between the partners. The company's reputation is the main indicator whether one should trust the other or not. Since the business began and the JV has performed well, the relationship has seemed to develop very well. This, in turn, led to a higher level of trust between partners. Referring to the explanation regarding the JV performance of company D in the proposition 1, both Thai and New Zealand partners are very satisfied with the performance of JV.

In short, the company D data seems to suggest a positive relationship between trust and JV performance. In other words, there is a high level of trust between partners and both of them have achieved a high performance outcome.

8.2.2e Company E

Trust between the British and Belgian has been very high since the start of JV operation. Both of them share the same opinion and objectives in operating their business. There were no major negotiations or conflicts between these two foreign partners. The development of trust seems to be more interesting between the Thai and the foreign side. The Thai and foreign (British and Belgian) partners entered JV business together because of the company's reputation. There was no past relationship or experience prior to negotiations to form the JV agreement. Trust has grown since the start of the JV business. However, since then there has been a conflict due to internal competition between the JV and the Thai parent, as well as an unmet long-term objective regarding extending the project to other parts of Thailand,

so that trust between the Thai and foreign partner has diminished. Trust has also reduced since the Thai partner believes that the foreign partner tends to behave opportunistically. Referring to the explanation regarding JV performance of company C in proposition 1, the Thai partner has a high level of satisfaction in the overall JV performance whilst both foreign partners have a moderate level of satisfaction to the overall JV performance. The foreign partners are less satisfied with the JV performance than the Thai partner because they cannot achieve their specific objective (i.e. market expansion to new locations).

In summary, the results of this case study suggest a positive correlation between trust and JV performance. In other words, moderate trust between both the Thai and foreign partners lead the Thai partner to achieve a high level of satisfaction in the overall JV performance and the foreign partners to achieve a moderate level of satisfaction in the overall JV performance.

8.2.2f Company F

Trust between partners at the initiation of the JV operation was quite high. Both partners possess a high reputation in their own countries. That is where trust between the partners started. Both partners believed in each other's strength to contribute to and run the business. The Thai partner trusted that the Australian partner could bring in management and technical know-how in helping them to operate the business successfully, particularly in the construction of hotels. The foreign partner trusted that the Thai partner, who has a strong financial background and local experience, could assist them to access the Thai market quickly. However, the economic downturn has

resulted in a downturn throughout most of the property market. As a result, most construction businesses have collapsed. This, in turn, influences the trust between partners since both partners now doubt each other's capability, due to the low performance of the JV. As a result, trust between partners is shaky. It seems that the level of trust between partners has developed slowly and is at a moderate level. However, both partners still believe that the opportunity to make a profit in this market will return in the near future because of the signal of recent improvement in the Thai economy. Trust is expected to increase in the near future. Referring to the explanation regarding the JV performance of company F in proposition 1, both the Thai and Australian partners have a low level of satisfaction in the overall JV performance.

To summarise case study F, the level of trust between both partners is moderate, but the JV performance is low. In other words, the moderate trust between partners is associated with a low level of JV performance. The significant effect of the economic downturn in the building construction business could explain and clarify the divergence of the relationship between trust and JV performance.

8.2.2g Summary of all six case studies' results

The results of the case studies A, B, C, D, E, and F provided a majority support to the positive relationship between trust and JV performance. Case study F shows an opposite result to proposition 2. This negative result derives from the effect of economic crisis leading to the collapse of the building construction market. Thus, leading the relationship between trust and performance to be diverted. Consequently,

the overall finding seems to support the proposition for the relationship between trust and JV performance.

The remarks of two interviewees of company A confirm that trust is correlated with successful JV performance (See section 7.7.2). Two comments from interviewees of company E seem to suggest that trust influences JV performance (See section 6.7.2). Five interviewees from companies B, C, D and F also describe the positive relationship which is shown between trust and JV performance (See section 5.9.2)

8.2.3 Proposition 3: *The understanding and acceptance of each other's cultures will lead JV partners to achieve a successful JV performance.*

The analysis on this proposition was carried out case by case. The differences between cases were adjusted and then the results of all cases were integrated.

8.2.3a Company A

There is a big cultural difference between Asian and Western cultures. The Thai and Japanese partners seem to share a cultural similarity. There is a wide cultural gulf between the German partner and the other partners. However, cultural problems or conflict, particularly between the partners whose cultures have greater differences, can be lessened and resolved as JV partners try to understand and accept those differences. It can be seen clearly from this case study that as the experience and relationship between partners develops, each partner tends to better understand and adapt their ways of doing business with one another. Three of the partners (Thai, German and

Japanese Z) have been working with one another for a long period of time and seem not to experience major conflict. They understand each other's way of doing business quite well.

However, one distinct example of conflict arose from Japanese partner Y. It is the first time they have done JV business with a German partner. The Japanese partner Y did not seem to try to understand the ways that German partner operates business, even though they (Japanese partner Y) respect the German partner's engineering capability. It was cultural misunderstanding that made their relationship sour. The German partner prefers to stick to their way of running business. They prefer to use German engineers, spend the money according to their cultural way, e.g. purchasing the material without considering the cost but only the quality. The Japanese partner Y seems not to understand because there were some other options that could have reduced the cost and still got the job done properly. The cultural problems regarding the use of German engineers by the German partner also had a little effect on the relationship between the Thai and Japanese partner Y. However, this minor conflict was resolved, since the German partner began to use more Thai engineers at the construction site. So, the Thai and Japanese partners were happy that they could reduce the cost.

The cultural differences seem not to have had an impact on business at the operational level. All partners at this level see each other as employees of the JV, rather than representing their parent companies. They just take the orders and policies from the top management level and put them into practice. The Thai and Japanese partners

prefer informal contact and flexibility in business management whilst the German and Western employees seem not to understand and demand that the Thai partner uses formal letters whilst dealing with the client (the Thai government). The German and Western employees reason that without evidence, or formal letters, if something went wrong after negotiating with the client, the JV could incur a loss of money.

Negotiation styles between the Thai and Japanese partners are similar. German negotiating style is quite the opposite. However, although there are cultural differences in negotiating style between the Asian and Western partners in this JV company, they seem to have a minor effect on the JV business relationships. This might be because most of them have been working with each other for a long period of time, so they know and accept each other's style.

Referring to the explanation regarding JV performance of company A in proposition 1, all JV partners have a high level of satisfaction with the overall JV performance with only a little less satisfaction from the Japanese partner Y.

To sum up, the case study data seems to suggest a positive relationship between cultural understanding and JV performance. In other words, the high cultural understanding of the Thai partner with other partners yields a high level of satisfaction in the overall JV performance outcome, judged from the Thai partner's viewpoint. The overall moderate cultural understanding of the German partner still leads them to achieve a high level of satisfaction in the overall performance. The Japanese partner Y, whose overall cultural understanding with partners is pretty high, achieved a pretty

high level of satisfaction in the overall JV performance. The Japanese partner Z has an overall pretty high cultural understanding of their partners and acquired a high level of satisfaction in the overall JV performance.

8.2.3b Company B

Both partners have very similar cultures. They also have a good understanding of each other's culture. Both of them agree that the written contract is just a piece of paper. It is hardly referred to in their daily business operation. Flexibility, e.g. management decision-making and JV agreement is more of a concern for both of them. As a result, they produced a very thin JV agreement. Both partners also share the same viewpoint in accordance with promotion of staff. They believe that employees in their organization should be promoted not only for performance but also seniority. There was only one small problem regarding managing the profit sharing. The Japanese partner would have preferred to use the JV profit for further investment, whilst the Thai partner wanted to receive a dividend payment every year. However, this conflict was resolved quickly without any problem. They both share one major goal; profit.

Referring to the explanation regarding JV performance of company B in proposition 1, the Thai partner has a high level satisfaction with the overall JV performance. The Japanese partner is satisfied with the profit which is their major goal. However, they lost their profit due to the low foreign currency exchange rate when transferring their profit to the headquarters in Japan. The Japanese partner seems to be disappointed with this loss due to the collapse in the Thai economy. Therefore, their evaluation of

the overall performance of the JV company was a bit lower than the Thai partner. The Japanese partner is not satisfied with the service marketing performed by the Thai partner. However, it was not their major goal and is unlikely to have a great effect to their evaluation of overall JV performance.

In short, the research finding suggests that there is a positive correlation between cultural understanding and JV performance. In other words, both partners share a high level of cultural understanding and accept each other quite well. The Thai partner has achieved a high level of satisfaction in the overall JV performance whilst the Japanese partner has a moderate level of satisfaction to overall JV performance.

8.2.3c Company C

Cultural differences between the Thai and Dutch partners are distinct. However, both of them have a high level of cultural understanding. In this case study, the Thai partner agreed with the Dutch partner that a good JV agreement must be specified and must cover all important aspects of business, as far as possible. There was no major conflict at all regarding ways of operating and negotiating business between partners since the JV has started its operation. The Thai partner also seems to understand the negotiating style of the Dutch partner. They don't mind and can accept any kind of attitude and style of negotiation by the Dutch partner. Both partners tend to understand and respect each other's opinion. Regarding promotion, both partners seem to agree that when evaluation takes place, they should focus more on performance and the competency of employees.

Referring to the explanation regarding the JV performance of company C in proposition 1, both Thai and foreign partners have a pretty high level of satisfaction in the overall JV performance. The economic crisis has had no effect on the JV performance because there are no competitors in the market. There is still a high demand for using oil storage, even though the need to use them has reduced.

In summary, the research data suggest that cultural understanding is positively related to JV performance. Both Thai and Dutch partners have a high level of cultural understanding and achieve a pretty high level of satisfaction to overall JV performance.

8.2.3d Company D

There are large cultural differences between the Thai and New Zealand partners. The New Zealand parent recognises this and they have sent a member of staff, who has been working in Thailand for about 9 years and who understands the Thai culture very well, to take the position of MD. The problem of cultural difference seems to be at board level and with the Thai owner. Thai cultural style seems to have a particular concern about finance. They (the Thai partner) would like to control or watch closely how the money is managed and used in the JV. However, there was a cultural misunderstanding at the beginning of the JV formation, as the Thai owner wanted to manage expenditure. However, the problem was resolved quickly when the Thai owner negotiated with the management team from New Zealand. It was the Thai culture that had to look at and judge the foreign partner's business style and to decide whether they (the New Zealand partner) had good intentions and good attitude to

work for the benefit of the JV, rather than trying to take advantage or behave opportunistically. Since that deal (to form JV agreement) was closed, there seems not to have been any cultural clash between the partners. The relationship between partners has improved dramatically. One reason is because the New Zealand MD has tried to accept and adapt to the Thai culture. Important decision making is usually decided by the New Zealand MD and financial management is the responsibility of the Thai manager. Even though the New Zealand partner recognised the importance of the JV agreement, they have never referred to the agreement. They tend to understand and recognise the Thai way of doing business, which focusses more on flexibility rather than to strictly adhering to an agreement. Regarding promotion of staff, the New Zealand partner prefers to promote employees on the basis of performance. However, they have never insisted that employees should not be evaluated on seniority simultaneously.

Referring to the explanation regarding the JV performance of company D in proposition 1, both Thai and New Zealand partners have achieved a high level of satisfaction in the overall JV business performance. The economic crisis (an external factor) seems to have had a minor effect on JV performance because the JV tried to open up more markets to many countries in Asia. So, the JV performance is promising.

Overall, the research finding suggests a positive relationship between cultural understanding and JV performance. In other words, both partners have a high level of

cultural understanding and acceptance and have achieved a high level of satisfaction in the overall JV business performance.

8.2.3e Company E

Cultural differences seem to lead to problems between the Thai and foreign partners only. There was no problem regarding cultural issues between the British and Belgian partners. Even though the foreign partner tried to learn and understand the Thai culture, they seem not to be able to fully accept the way things work in Thailand. It is a problem of mind-set that affects their (foreign partner) judgement during business negotiation with the Thai partner. There was another concern about the time spent on negotiation. The foreign partners prefer to manage time efficiently whilst the Thais prefer to take more time to consider. This time notion may have a link to the Thai hierarchical culture that influences the ways Thai people behave and manage their business. It seems that the foreign partners have tried to adapt to the Thai culture up a point. They understand that the Thai partner sometimes does not speak up if they don't agree with their partner.

The Thai's fear of losing face is another issue that tends to affect the climate or result of negotiations. Both the British and Belgian partners understand this effect very well. However, there is also a limit to acceptance of each other's cultures. The Thai partner also understands the foreign partners' more confrontational ways of negotiating business which also tend to be inflexible and aggressive. However, the Thai partner tends to keep an open mind on these differences. They don't pay much

attention to the different attitudes and styles of negotiation when negotiating business with the foreign partners.

The Thai culture of sending a gift to Thai officials seems to be unacceptable in the foreign partners' point of view. However, over time, after working with the Thais, they understand more about this distinct Thai culture of sending gifts. The Thai partner does not think that operating in this way is wrong, because relationship building is very important to Thais in operating business. However, the foreign partner thinks the opposite. Initially, they totally rejected this Thai way of doing business with the Thai government. They have tended to accept this custom since they witnessed the result of unimplemented gift custom/etiquette and they have begun to believe the Thai partner. Later on, they let the Thai partner do this job. The money spent unnecessarily on gifts seems also to be an issue of concern to the foreign partners. The Thai partner believes that when doing business, they sometimes need to sacrifice something in order to achieve the most preferable outcome. It has never been absorbed into the foreign partner's logic at all. They seem to have a different definition of what is right or wrong regarding the morality of doing business. However, the flexibility and adaptability of foreign partners seem to be appreciated by the Thai partner.

There was also a cultural problem as regards promotion of staff. The foreign partners prefer to evaluate and promote staff on the basis of performance only. However, the Thai partner cannot totally accept this thought since Thai morality and seniority have dominated the way of assessing staff. The Thai partner considers that even though a

junior member of staff's performance is very high, promotion must go along with the maturity and seniority simultaneously. This cultural difference in the concept of promotion seems to have little effect on the relationship between partners. The overall cultural understanding between the Thai and foreign partners seems to be moderate.

Referring to the explanation regarding JV performance of company D in proposition 1, the Thai partner has a high level of satisfaction in the overall JV performance. Both British and Belgian partners seem to share a moderate level of satisfaction in the overall JV performance. All partners achieved their short-term objective; profit. The reason that the Thai partner's level of satisfaction in the overall performance is higher than both foreign partners is because they cannot achieve their specific goal of market expansion to a new location. The partners have a frosty relationship with the Thai partner due to a cultural misunderstanding of internal competition between the JV and the Thai parent.

In summary, the cultural understanding between the Thai and foreign partners was found to correlate with the JV performance. The Thai partner has a moderate level of cultural understanding of the foreign partners and achieved a high level of satisfaction in the overall performance. Both British and Belgian partners had a moderate level of cultural understanding of the Thai partner and achieved a moderate level of satisfaction in the overall performance.

8.2.3f Company F

The large cultural difference between the Thai and Australian partners seems to be problematic. There is a lack of understanding of each other's culture and way of doing business. The Thai business style, with regard to slow decision-making and negotiating on a personal basis have been neither understood nor accepted by the Australian partner. The Australians prefer to make a quick decision, negotiating business based on facts and reasoning. As a result, their relationship has developed pretty slowly. Referring to the explanation regarding the JV performance of company D in proposition 1, both Thai and Australian partners have a low level of satisfaction in the overall JV performance. The main objectives regarding profit and business growth have not been achieved by either partner. One important reason is that the economic crisis has resulted in the breakdown of the construction sector (e.g. building and hotel). There has been little demand. As a result, the JV company is facing a large amount of debt.

In short, the results of this case study suggest a positive relationship between cultural understanding and JV performance. In other words, cultural understanding between both Thai and Australian partners is low and neither are satisfied with the JV performance achieved. The economic crisis also has an additional effect on the JV performance.

8.2.3g Summary of all six case studies' results

The results of the case studies A, B, C, D, E, and F provided unanimous support for a positive relationship between cultural understanding and JV performance.

The comments of two interviewees of company A also confirm that cultural understanding and acceptance have a positive relationship with JV performance (See section 7.7.3). Five observations of interviewees from company E suggest that the influence of cultural understanding and acceptance has a favourable impact on JV performance (See section 6.7.3). Three interviewees from companies C, D and F indicated that a positive relationship between cultural understanding and JV performance exists (See section 5.9.3). However, two of them suggested that cultural understanding is not a main factor affecting JV performance.

8.2.4 Proposition 4: *When symmetric bargaining power exists, along with mutual trust and cultural understanding, JV partners tend to cooperate rather than compete against each other. This in turn will result in a favourable performance (outcome).*

To better understand the influence of bargaining power, trust and cultural understanding on negotiation behaviour, which in turn affects JV performance, each case study is presented individually. The differences across cases are accommodated and the results integrated.

8.2.4a Company A

JV company A has often used compromise as a negotiation tactic. When partners from different cultures operate business jointly, some conflict of interest or cultural misunderstanding can easily happen. However, as each partner learns and understands one another's way of doing business, they tend to trust more and reduce the use of competitive behaviour during their *business negotiation*. It seems to be impossible to jointly manage business without any problems between partners. However, those conflicts can be reconciled if partners negotiate on the basis of facts, reasoning and integrity. In this JV company, as each partner holds an approximately equal balance in bargaining power, they try to negotiate to protect their own and the JV benefits. All partners have a target to deliver the completed job to the client. It seems that they clearly understand this mission and try to compromise where possible. Even though there was conflict at the start of discussion or negotiation, they normally compromise at the end of the process, in order to achieve the JV objective and keep the work going. They will face a huge interest payment if there is a delay in decision making.

The conflict of expense between the Japanese partner Y and the German partner seemed to be intense at the beginning of business negotiation, due to cultural misunderstanding and low trust. However, as both of them, especially the Japanese partner Y, recognise that they want to reach a successful objective, particularly to make a profit, they agree and compromise with one another. As a result, all partners seem to be happy with the overall JV performance. Only Japanese partner Y seems to have an extreme expectation, more than the other partners, as regards the profit they

would like to achieve. Avoiding tactic is rarely used in this JV because when conflicts arose, each partner tried to compromise during their negotiation. It was only used when partners considered that they had no time to discuss the issue, then they would postpone the discussion or decision-making until the next round. Management decision conflict seems to exist only at the top management level because most of management decision making has been decided at this level rather than at the board or operation level. As the relationships have developed, trust has increased and partners tend to use more compromising strategy. This can be seen clearly from the case of conflict between the German and other partners. The German partner did not trust the other partners early on. They did not believe that the Thai engineers had the ability to cope with the complexity of the construction and tunnelling work. They prefer to use German engineers. However, after negotiations took place, it seems that the German partner trusts the JV partners more and compromises in the use of a higher number of local engineers. The use of collaborating strategy was found to be moderate.

In this case study, the data show that there is an approximate balance in bargaining power at both the top management and the Board of Directors level. Overall trust between all partners is pretty high. Also, the overall cultural understanding of JV partners is pretty high. Referring to the explanation regarding JV performance of company A in proposition 1, all JV partners have a high level of satisfaction in the overall JV performance with only a little less satisfaction from the Japanese partner Y.

Overall, the case study A data seem to support that symmetric bargaining power, mutual trust and cultural understanding led the JV partners to cooperate (high

compromising) rather than compete against each other which, in turn, resulted in a favourable performance (outcome). In other words, bargaining power was approximately symmetric, overall a good level of trust and pretty high cultural understanding. All partners regularly use compromising tactics rather than competing against each other when making a decision. All partners were satisfied with the overall JV performance.

8.2.4b Company B

There was no major conflict in this JV company. Each partner tends to cooperate with each other most of time, especially at the top management level. There was little cultural difference between partners. Both partners seem to understand each other's way of operating business. Trust and cultural understanding was very high. Even if an agreement at management level had to be reached or co-signed by both partners (a balance of bargaining power), the Japanese partner trusted and respected the Thai partner and cooperated with the Thai partner most of the time. One reason is because both partners share a similar objective. As a result, cooperative behaviour is implemented most of the time at the management level. If some conflict arose, they tended to implement a compromising strategy.

At the board level, the Thai partner has a little more power to exercise than the Japanese partner, in case conflicts arose. The Thai partner has one more vote than the Japanese partner (3 board members from the Japanese partner and four board members from the Thai partner). However, severe conflict has never happened at board level. The board members from each side try to cooperate most of the time,

even though the Thai partner can exercise its power to make a decision. Two minor conflicts arose at board level. Firstly, the Japanese wanted to retain the company's profit for further investment whilst the Thai partner wanted to have a dividend paid. Secondly, the Thai partner prefers to have the JV company listed in the Thai stock market but the Japanese partner does not wish to raise money from the stock market. They do not need it. However, because each partner trusts, respects and understands each other's needs, they compromise with each other. Referring to the explanation regarding JV performance of company B in proposition 1, both partners have a high level of satisfaction in the overall JV performance.

To sum up, the results of the case study support the proposition that symmetric bargaining power, mutual trust and cultural understanding favour JV partners to cooperate (high compromising) rather than compete against one another. This in turn results in a favourable JV performance. In other words, there was quite an equal balance in bargaining power. Trust between the Thai and Japanese partner was high. Both partners have a high level of understanding of each other's culture. Both partners often use cooperative behaviour. When there has been a conflict of interest, compromise has been implemented most of time. The Thai partner achieved a high level of satisfaction in the overall JV performance whilst the Japanese partner achieved a moderate level of satisfaction in the overall performance. The reason that the Japanese partner achieves a lower level of satisfaction than the Thai partner is because they lost profit when transferring money back to their headquarters due to the depreciation of the Thai Baht during the economic crisis.

8.2.4c Company C

There was frequent use of collaborative tactics by both Thai and Dutch partner. No major conflicts have occurred in this joint venture since the company started operations. Both partners try to understand each other's way of doing business. The former Dutch MD seems to have had a high degree of understanding and adapted to the Thai culture quite well. Trust existed from the commencement of the JV agreement. They had never had past business relationships or experience together before the negotiation to form this JV agreement took place. However, the Dutch partner trusted the Thai partner through this company's reputation. They (the Dutch partner) believed and trusted that the Thai partner could direct the JV business, after the JV business had operated for six years. They agreed with the Thai partner that the MD chair would be transferred to the Thai side after that period. Trust developed dramatically over time and is very high. Bargaining power is equal at board level. There are equal voting rights. At the management level, even though the Thai partner has the authority to make decisions, they never need to exercise it. When there was a conflict, it was resolved by negotiation at top management level, with some recommendation from both parent companies. They usually implement compromising tactics to resolve problems. If one partner does not agree, avoiding strategy is implemented instead. However, this strategy is used very rarely. They rarely argue. Referring to the explanation regarding the JV performance of company C in proposition 1, both partners have a pretty high level of satisfaction in the overall JV performance.

In summary, the case study result supports proposition 4 that symmetric bargaining power, mutual trust and cultural understanding lead JV partners to cooperate (high compromising) rather than to compete against one another. This, in turn, favours a successful JV performance. In other words, bargaining power is symmetric and a high level of trust and cultural understanding exists between both Thai and Dutch partners. They often use collaborative tactics. Compromise is often used when there was a conflict of interest. Avoiding and competing are rarely used. Both partners' level of satisfaction of the overall performance is pretty high.

8.2.4d Company D

Both the Thai and New Zealand partners tend to collaborate where possible. JV negotiation between partners seems to exist at board rather than management level. For day-to-day management decisions, most important decision making has been made by the New Zealand MD. The Thai partner trusts the New Zealand partner to operate daily business. There is a high cultural understanding between the Thai and New Zealand partners. The New Zealand MD has worked in Thailand for about 9 years and understands the Thai culture quite well. There seems not to be a conflict at the daily business operation level. At the board level, each partner has an equal voting right. If the number of votes is split equally, the chairman will decide. However, partners take turns to sit on the chair every other year. Therefore, there is a balance in relative bargaining power at the board level. Both partners tend to compromise if there is conflict. Compromising and collaboration are normally used in this JV company. Competing against one another during business negotiation at board level has rarely happened in this JV. Both partners have a high level of trust in

one another. Referring to the explanation regarding JV performance of company D in proposition 1, both partners have a high level of satisfaction in the overall business operation and performance.

Overall, the research finding of this case study supports proposition 4 that symmetric bargaining power, mutual trust and cultural understanding influence JV partners to cooperate (high compromising) rather than to compete against one another. This, in turn, results in a positive JV performance. In other words, there are no big differences in bargaining power, even though the New Zealand partner seem to have a slightly higher bargaining power than the Thai partner. Trust and cultural understanding between partners is high. The negotiation tactics most often used were compromising and collaborating. Both partners have a high level of satisfaction in the overall JV performance.

8.2.4e Company E

There was an imbalance in the bargaining power of the Thai and foreign (British and Belgian) partners. No conflicts arose between the British and Belgian partners in this case study. They (British and Belgian) tended to act as one team against the Thai partner. When conflicts of interests arise, both Thai and foreign partners tend to moderately compete against each other. The levels of trust and cultural understanding between the Thai and foreign partners is moderate. Trust has developed dramatically since the beginning of the JV operation. However, because of problems of the difference in the long-term objectives of the Thai and foreign partners and also due to internal competition, for the time being, trust is not developing. They (the Thai and

foreign partners) started battling with one another to achieve their own targets. The conflict of internal competition (between the JV company and the Thai parent) has been resolved. However, the arguments about expansion of the business to a new location is still going on.

Cultural misunderstanding between the Thai and foreign partners was high at the beginning of the JV business, they often fought against one another. There was some cultural misunderstanding regarding 'time notion'. The foreign partners did not clearly understand the slow decision making process of the Thai partner, in resolving the internal competition between the JV company and the Thai parent. The foreign partners keep struggling to resolve this conflict. Cultural understanding seems to increase over time. They later understood the Thai culture of losing face. As a result, the foreign partners have used a lot more compromise during business negotiation. The foreign partners have tried to learn and accept Thai culture. Most of the arguing between the Thai and foreign partners ended with compromise because they understood that it was the best way to progress business and become successful. Compromising tactics were often used in this JV, especially at the end of the decision-making process. At the management level, there seems to be frequent use of compromising and moderate use of collaborating tactics during business negotiation. At the board level, competing strategy was used more often because both Thai and foreign partners try to reach the goals set. However, they compromised when making a final decision for the benefit of the JV. The use of avoiding tactics has been very rare.

Referring to the explanation regarding JV performance of company E in proposition 1, the Thai partner achieved a high level of satisfaction in the overall JV performance. Both British and Belgian partners achieve a moderate level of satisfaction in the JV performance.

In summary, the research finding of this case study supports proposition 4 that symmetric bargaining power, mutual trust and cultural understanding influences JV partners to cooperate (high compromising) rather than compete against one another, which, in turn, results in a positive JV performance. In other words, the Thai partner's high bargaining power, moderate trust and moderate cultural understanding of their foreign partners lead them to compete against the foreign partners in the early stages of negotiation and to compromise in the end. The Thai partner achieved a high level of satisfaction in the overall performance. Both British and Belgian partners had moderate bargaining power, trust and cultural understanding of the Thai partner. They competed at first and then compromised when making decisions. The foreign partner's level of satisfaction in the overall performance was moderate.

8.2.4f Company F

The bargaining power of both the Thai and Australian partners is approximately equal. Trust between both partners develops at a moderate level. Its progress was slow because both partners had less confidence in each other due to the low JV performance. One important reason for the low performance arose from the economic crisis in Thailand. Because of high cultural misunderstanding and low adaptation to the each other's negotiating styles, they seem to have implemented both competing

and compromising strategies more or less equally at the negotiation table. Referring to the explanation regarding JV performance of company E in proposition 1, both partners achieved a low level of satisfaction in the overall JV business performance. There was also a major impact from the economic crisis on the performance of the JV. Demand from customers was low in the building construction market.

To sum up, the case study data seem to support proposition 4 that symmetric bargaining power, mutual trust and cultural understanding influences JV partners to cooperate (high compromising) rather than to compete against one another. This, in turn, results in a positive JV performance. In other words, the bargaining power of both partners was approximately balanced. Trust between partners was moderate. There was a low cultural understanding and acceptance. So, both partners often implemented both compromising and competing strategies. They both had a low level of satisfaction in the overall JV performance.

8.2.4g Summary of all six case studies' results

The results of the case studies A, B, C, D, E, and F provide unanimous support to proposition 4 that when there is symmetric bargaining power, mutual trust and cultural understanding, JV partners tend to cooperate rather than to compete with each other. This, in turn, will result in a favourable JV performance (outcome).

The observation of two interviewees of company A also confirms the influence of bargaining power on negotiation behaviour/tactic (See section 7.5.1). And two interviewees of this company commented on the impact of trust on negotiation

behaviour. (See section 7.5.2). Two interviewees of company A also observed how culture affects negotiation strategy (See section 7.5.3). Two interviewees of company E talk about the influence of bargaining power, trust and culture on negotiation behaviour in their JV company (See section 6.5.1, 6.5.2, and 6.5.3).

8.3 Self-reference criterion (SRC) - free approach: Cultural analysis

Lee (1966) terms the unconscious reference to one's own cultural values as self-reference criterion. Self-reference criterion can be explained as follows: whenever people are faced with unique situations, their own values are the measure for their understanding and response to the circumstances (Jain, 1996). When a foreign firm enters joint venture with a local firm, they need to try to understand each other's cultural background and behaviour. Each partner's culture is deeply imbued with its own values so that what is seen as normal and commonly done by one partner may appear inappropriate and intolerant by another partner. Lee (1966) noted that western "managerial behaviour must be altered if it is dysfunctional enough to seriously disturb the value orientations of those on whom the success of the overseas company depends." To address the problem of this stumbling block in cultural adaptation in relation to the tendency toward SRC, Lee (1966) proposes a systematic four-step analytical approach for checking the influence of SRC in business adaptation:

First step: define the business problem or goal in terms of the cultural traits, habits and norms of the home country.

Second step: define the business problems or goal in terms of the foreign cultural traits, habits or norms.

Third step: isolate the SRC influence in the problem and examine it carefully to see how it complicates the problem.

Fourth step: redefine the problem without the SRC influence and solve for the optimum business goal situation or the foreign market situation.

Where cultural differences or misunderstanding between JV partners' perspectives can be seen, precaution can be taken in order to reduce the consequent managerial problems arising from these misunderstandings. Lee's four analytical approaches can be used to influence the SRC in business adaptation. Examples of some situations where the case studies in this research indicate application of Lee's cultural analysis will be discussed below.

In the case study of JV company E, the foreign partners would like to promote a young Thai engineer to a more responsible position as they normally promote employees on the basis of performance in the Western world. The Thai partner seems to disagree. For Thais, to promote someone to a high position, they will consider not only performance but also the seniority of the employee. The employees who have worked for the company for a longer time and have not been promoted, may feel disappointed and later resign because they might feel they have lost face. The subordinates who see their boss stuck in his career and bypassed by less experienced employees may feel insecure and have less motivation to work progressively. So, the cultural misunderstanding between the Thai and foreign partners seems to trigger the conflict. Both Thai and foreign partners should try to understand and adapt to each

other's cultural way of thinking. One of the ways to solve this conflict is that the foreign partner should wait for a few more years and gradually promote this Thai engineer to a higher position. Also, during negotiation, the foreign partners should try to be less outspoken when they disagree with the Thai partner. The Thai partner's concern is not only with business matters but also with relationships.

After the foreign and Thai partners had been working together for a few years, they seemed to adapt to one another and now they have fewer conflicts arising from cultural clash or misunderstanding. To get the job done quickly and smoothly with the Thai government, Thais traditionally send gifts to Government officials. This was not accepted by the foreign partners because this kind of business activity is not encouraged in Western countries and the foreign partners also feel that the company should not pay for this type of expenditure - buying gifts. Over time, the foreign partners have watched and learned, they then understood that it would be a lot faster to follow this Thai tradition of sending gifts. They have accepted and allowed the Thai side to do this job. So, there was no more conflict over this cultural issue.

To be able to address and eliminate cultural misunderstanding, the New Zealand partner of company D carefully chose a good potential Thai partner using market research. Later on, the New Zealand partner visited the Thai partner and invited him to join the JV project. Both partners agreed to appoint a GM from the New Zealand side, who had lived in Thailand for about 9 years and who understood Thai culture well, so that he could manage the company according to local custom and try to compromise whenever there were conflicts between the Thai and New Zealand

parents. Both partners recognized the differences in their ways of thinking, mainly due to differences in culture. For example, the western partner always expects a straight answer from the Thai partner. However, the answer “Yes” from the Thai partner could mean “No”. It would be difficult for the New Zealand partner to understand the Thai partner if they stick to their own cultural values. There was also a problem in controlling the finance of the JV company at the beginning of JV operation. According to Chinese-Thai family business cultural way of thinking, they must have a friend or family member to keep an eye on the company finance. A problem also arose in negotiations to establish JV business with the Thai partner because the Chinese-Thai owner of the Thai parent company did not trust any representatives he did not know or had never met. The deal was closed later when he had the chance to meet the New Zealand partner himself and decide whether or not he liked the New Zealand MD. As a result, the New Zealand parent normally listens to this JV GM and allows him to negotiate on its behalf with the Thai partner when there is cultural conflict occurs during the JV operation.

In case study of JV company B, the Japanese partner does not seem to understand the Thai subordinates who hardly express idea or opinion to their superiors. There was a cultural difference between the Thai and Japanese, as regards the decision-making system. The Japanese prefer their employees/subordinates to express opinions through the bottom-up process. Thai employees, especially at low level, will feel insecure to express their idea to the boss for fear that their idea would displease or embarrass the boss and make him lose face if the idea was later found to be more effective. Losing face could even lead the boss to try to annoy or fire them

(subordinates) eventually. In addition, subordinates may feel that they can be more easily replaced and have little recourse if they are fired. In the Thais employees' thought, expression of opinion can be very dysfunctional. The Japanese partner felt disappointed in the performance of the marketing service of Thai employees because they dare not try to discuss the marketing problem with the boss or their superiors. One of solutions to this problem is to train and educate subordinate in understanding the cultural value of the expression and sharing of opinion which may help them solve their marketing and sales problems and consequently assist them to achieve higher performance. This could be reinforced by arranging an outdoor activity, e.g. a party for superiors and subordinate to meet each other and to built up more friendly relationships.

8.4 An overview of the data coding and coding scheme

Likert scale

- 1.....Strongly Disagree
- 2.....Disagree
- 3.....Neutral
- 4.....Agree
- 5.....Strongly Agree

Number of responses: 22

The following examples show the results of all responses to the questionnaire from 6 JV companies. The subjects include bargaining power of partners, cultural difference between partners, trust between partners and performance of JV.

Bargaining power

* We tend to have more power than our partner in forming important decision-making strategy.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	0	5	13	3	1
Mean: 3					

* We have a strong and major influence in JV negotiation over our partner.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	1	5	14	1	1
Mean: 2.82					

* We were the most powerful firm during the IJV negotiations.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	1	8	12	1	0
Mean: 2.59					

* We feel we always win at the bargaining table.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	1	3	14	4	0
Mean: 2.95					

Overall mean: 2.84

The overall mean of bargaining power shows that the bargaining power of partners seems to be nearly equal.

Cultural difference

* There are culturally significant differences between us and our partner.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	0	2	4	12	4
Mean: 3.82					

The cultural differences between partners seem to be pretty high.

Trust

* We trust our partner to operate JV business responsibly.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	0	1	5	13	3
Mean: 3.82					

* We believe that our partner does their best in JV business operations.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	0	1	6	11	4
Mean: 3.82					

* We need to watch everything our partner does.

Due to the negative meaning of this question, the score must be inversed and the results are shown as follows.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	0	4	7	9	2
Mean: 3.41					

* We help our partner in whatever ways they ask.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	0	2	4	12	3
Mean: 3.59					

* We have a high degree of trust with our partners.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	0	0	6	12	6
Mean: 4.36					

* The promises of our partner are reliable.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	0	0	4	14	5
Mean: 4.23					

Overall mean: 3.87

The overall mean shows that trust between partners seems to be pretty high.

Performance

*We perceive that the joint venture's financial performance is satisfactory.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	0	2	7	10	5
Mean: 4.09					

* We are satisfied with the overall JV business performance.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	0	4	3	11	5
Mean: 3.91					

* We would perform better without our partner.

Due to the negative meaning of this question, the score must be inversed and the results are shown as follows.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	0	0	12	5	5
Mean: 3.68					

* Our partner performs well in the areas they are responsible for

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
No. of responder	0	2	5	11	4
Mean: 3.77					

Overall mean: 3.86

The overall mean shows that the performance of JV, as perceived by the JV partners, is pretty high.

8.5 Conclusion to chapters 4-8

The present study uses qualitative case studies as a research strategy. It was considered to be the most appropriate strategy to use for research on JV in the service industry in Thailand because the population is small; little qualitative research on JV has been done in Thailand; the response rate in the past has been very low; and the variables (i.e. bargaining power, trust, culture, negotiation behaviour and performance) used in the present study are difficult to measure quantitatively. Use of qualitative case study could also enrich and clarify previous research on JV negotiation in greater detail and capture the complexity of the concept better than the use of statistical based analysis. To reduce risk of an invalid and premature conclusion, six cases were chosen for this research. The data collection methods in this study take the form of questionnaire and in-depth interviews with MD, GM, president, senior managers, JV project manager and key members of staff of JV firms and JV parent firm. A pilot study was conducted on four of the JV service firms (i.e. shipping, construction, office rental and retailing business) in order to refine data collection plans and to correct weaknesses in the initial protocol. Then, six JV service firms from the construction, construction & engineering, leasing, gas distribution, exporting and oil storage were selected on the basis of their agreements to participate in this research study. Eisenhardt (1989) commented that the theory is difficult to generate where the study looks at fewer than four cases and that the volume of data is difficult to handle where the study looks at more than ten cases. Face-to-face open-

ended interviews with 22 senior executive officers were carried out in this study. Interview questions cover the general background (i.e. the issues of negotiation, JV strategic objectives, JV problems, JV agreement) and specific issues on bargaining power, trust, culture, negotiation behaviour and JV performance. The use of tape recording was implemented where possible, along with note-taking. Open and axial coding techniques were used to analyse the verbal data in this study because it enriches the notion of qualities and essential characteristics and renders more meaning than do numbers (Miles and Huberman, 1994). Hussey and Hussey (1997) refer to open coding as “the process of identifying, analysing and categorising the raw data” and axial coding as a more extended process of connecting categories and sub-categories together with the intention of revealing links and relationships. Two case analysis techniques (i.e. pattern matching logic and explanation building) were used in the present study. The data display techniques (e.g. matrix and table) were used so that a valid conclusion could easily be drawn. Four aggregate case studies of JV firms B, C, D and F in leasing and hire purchase, storage of oil and chemical, exporting and construction and engineering services are presented in chapter 5. Each individual case study of firm A and E in construction and gas distribution services was presented separately in chapters 6 and 7. All the partner firms have one common objective, i.e. profit. Two common reasons for almost all foreign partner firms establishing JV with Thais are “Thai government connection” and “market access”. Whilst almost all of the Thai partner firms wanted to receive know-how from their foreign partners. The bargaining power of partners in firm A, B, C, D, and F seems to be equally balanced, only firm E, in which the Thai partner has more bargaining power than the foreign partners, is not equally balanced. Trust between the Thai and foreign partners of firms

A, B, C and D is high. Whilst moderate trust between the Thai and foreign partners exists in firms E and F. Cultural differences between the Thai and Western partners seem to be high whilst the Thai and Japanese partners seem to have small cultural differences. Big differences in culture do not lead to less cultural understanding between JV partners. The level of cultural understanding tends to be related to the extent of intention to learn about the other culture and the JV business experience of the partners.

Compromising and collaborating between partnering firms seems to be pretty high. Avoiding tactic is not often used. Competing strategy was used by some partners during early negotiations, followed by compromising strategy used towards the end of negotiations. Overall, the use of competing tactic seems to be moderate. Accommodating behaviour between partnering firms was rarely found in this study. Performance outcome perceived by most of the Thai partners would appear to be quite high, except in firm F, in which both the Thai and foreign partners achieve a low performance. Generally, foreign partners of firms A, C and D achieved a high performance. Performance of firm B and E is moderate.

The following are the four propositions listed in section 3.9.

Proposition 1: *JV performance is positively related to symmetric bargaining power.*

Proposition 2: *JV performance is positively related to trust.*

Proposition 3: *The understanding and acceptance of each other's cultures will lead JV partners to achieve a successful JV performance.*

Proposition 4: *When symmetric bargaining power exists, along with mutual trust and cultural understanding, JV partners tend to cooperate rather than compete against each other. This in turn will result in a favourable performance (outcome).*

These propositions were developed from the JV theory outlined in chapter 2 and the theories of bargaining power, trust, culture, negotiation behaviour and performance outcome, as discussed in chapter 3 and further examined and discussed in chapter 8.

The results of case studies A, B, C, D and E all provide support to the positive relationship between bargaining power and JV performance. However, the opposite result was found in case study F. It seems that this negative result was considerably influenced by external factors, i.e. the economic crisis, rather than the impact of bargaining power on JV performance alone. Overall, the findings of the case studies seem to support the relationship between symmetric bargaining power and the JV performance of proposition 1.

The results of case studies A, B, C, D and E provide a majority support to the positive relationship between trust and JV performance. The opposite result was found in case study F. This negative result derives from the effect of economic crisis leading to the collapse of the building construction market in Thailand. Thus, leading the relationship between trust and performance to be diverted. Accordingly, the overall

finding seems to support the proposition 2 regarding the relationship between trust and JV performance.

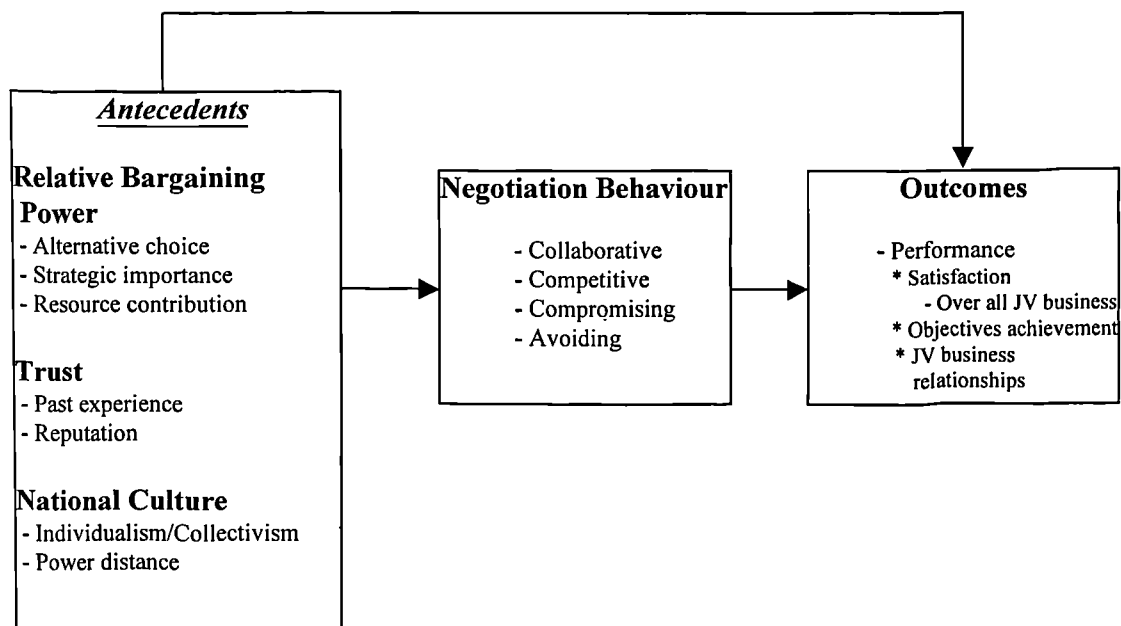
The result of the case studies A, B, C, D, E and F provide unanimous support for a positive relationship between cultural understanding and JV performance as suggested in proposition 3. The results of the case studies A, B, C, D, E and F also provide unanimous support to proposition 4 that when symmetric bargaining power exists, along with mutual trust and cultural understanding, JV partners tend to cooperate rather than compete against each other. This in turn will result in a favourable performance (outcome).

8.5.1 A revised conceptual model

A revised conceptual model on negotiation is shown in figure 8-1 as follows.

Figure 8-1

A revised conceptual model



The results of interviews with senior executive officers show that Hofstede's (1994) cultural dimensions of uncertainty avoidance and masculinity/femininity are not relevant to reflect the national culture of JV partners as regards the effect on negotiation behaviour and outcomes. In addition, accommodating tactics were not used by any partners of any of the JV firms in the present six case studies. As a result the model has been revised and adapted to the actual situation and the results of the case studies which can be seen in figure 8-1 above.

Chapter 9

Research Contributions, Limitations, and Directions for Future

Research

This last chapter is divided into four sections: research contributions, limitation of the study, directions for future research and conclusion of this study includes a comparison of the results of this research with the literature review.

9.1 Research contributions

First of all, most of the literature on joint ventures in developing countries has been from the perspective of foreign partners, ignoring the strategic imperatives and goals of the host country partners. Although, a small amount of literature has described joint venture business negotiation, there has never been a study into Thai and foreign joint venture business negotiation. Therefore, the present study of IJV business negotiation on the issues of bargaining power, negotiation behaviour, culture, trust and negotiation outcomes would make a positive academic contribution to understanding of business issues. This study contributes academically towards a better understanding of how joint venture business and negotiation have been carried out in Thailand and eventually lead them to be able to compare and contrast this study's results with past studies. Additionally, this study could also benefit both Thai and foreign investors, who want to operate JV business in Thailand, to better understand the most frequent JV problems or conflicts so that they can have a clearer picture of what they should do or implement (e.g. conflict resolution strategy) to ease those problems. The findings of the six case studies could be generalized across all

JV companies in service industry since almost all case studies support all four propositions. Case study F shows the opposite result only for propositions 1 and 2. However, it is considered that an external force (i.e. economics crisis) has diverted the achievement of the JV firm's performance.

To achieve highly successful business performance, JV firms should recognize that the relative bargaining power between JV partners should be balanced; partners should have high levels of trust and cultural understanding with the other partners; JV partners should try to cooperate with one another and to reduce conflict during their JV negotiation. Resource contribution to the JV seems to be more important than context based factors, such as alternative choice and stake, and may lead to a shift in the bargaining power of each partner. Context based factors are more likely to be considered as significant factors to indicate the bargaining power of JV partners at the JV formation stage. Past experience and firm's reputation lead firms to trust each other and enter JV with one another after a shorter period of negotiation time.

The benefits are also useful to foreign investors who want to do business in Thailand, China, Hong Kong and Singapore where lifestyle and most major businesses are similarly dominated by Confucian philosophy.

This study also places an emphasis on providing an integrated approach to past research and will serve as a springboard for launching future research. This study focuses on particular service industries (e.g. leasing and construction firms) in Thailand and is contained within the confines of joint venture and negotiation theory.

The empirical results of this study strongly support the conceptual model that the relationships between dependent, mediate and independent variables, mentioned above, exist. The results of the study could complement and clarify the conflict of past studies. They could also extend existing knowledge and experience of how to improve the success of JV outcomes. Negotiators will inevitably continue to face problems of mistrust, and cultural clash, which naturally leads them to perform and evaluate the behaviour of their counterparts according to the dictates of their own cultural premises and value yardsticks. This study will provide some explanation for this behaviour. This in turn may help firms to reduce time spent on the negotiation process and to enhance a successful JV performance.

This research offers a more comprehensive understanding of joint venture business. It does this by studying the perspectives of both the Thai and the foreign partners whereas many past studies have investigated only from one perspective (normally that of the foreign parent). This study also provides a more complex and rich understanding of JV by examining JV companies with not only two partners but also three and four partners so that the similarities and differences could be clearly exposed and the validity of past research could be strengthened.

9.2 Limitations of the study

The first limitation is that this study focuses mainly on JV companies in the service sector. The results of studies into JV companies in manufacturing industries could clarify and compliment the result of this research, as well as past studies.

Secondly, the study examines JVs between companies from Thailand. A developing country, with companies from developed countries. However, the possibility of generalizing the findings must be considered carefully (Lin and Germain, 1998). IJVs in developed countries are normally more stable than those in developing countries and also the managers from developing countries tend to be more dissatisfied than those from developed countries (Beamish, 1985).

Thirdly, the interviews, conducted in this study, focused mainly on the JV top managers representing each JV partner. A rich understanding and contrasting results may have emerged if the shareholders and some Board members were included in the study.

Fourthly, *this study examined IJV but ignored domestic JV. The identification of similarities and differences across domestic and international joint ventures would provide a rich understanding and enhance the validity of the results of relationships between the variables depicted in the conceptual model of this study.*

Fifthly, there is a possibility of potential biases affecting the results of this research, due to limitations in accordance with availability and accessibility to a number of interviewees from each case. For example, interviews with Boards members were rare. It should also be noted that some top managers of the JV companies also sit as members of the Board of Directors. The shareholders of the parent companies were not interviewed in this research. In addition, it was difficult to access companies of the same type of JV business within the service sector to include in the study. The

major reasons that JV companies were reluctant to participate in the study are because of the concern about confidentiality, an obligation not to participate in research study; the pressure of work, time constraints, the length of the questionnaire and interview questions; busy at work; going abroad; and too much demand for research.

Finally, this study is limited to the study of equity JV only. The identification of similarities and differences between equity and non-equity JV could give a better understanding of the relationship between variables in this study.

9.3 Directions for future research

Studies should be conducted further within the manufacturing industries so that similarities and differences across these two sectors can be identified. Also, study into domestic JVs should be carried out, in order that past studies' results could be compared and contrasted.

Longitudinal studies for a stronger inference of the effects of bargaining power, trust and culture on negotiation behaviour and JV performance appears to be required. Such a study would allow the examination of the evolution of bargaining power, trust and cultural understanding in JVs. It could also increase understanding of the possible interaction effects between these variables, and also between them and negotiation behaviour, as well as JV performance.

In future research, attention should be paid to investigating the relationships between bargaining power, trust, culture and negotiation behaviour on performance, using

powerful statistical techniques (e.g. structural equation modeling or triangulation) and then to compare and contrast them with the results of past studies. If the results are consistent, it can enhance understanding and give strong support to the relationships of variables in the conceptual model of this study.

This research needs further development in terms of the core competency, particularly how knowledge and the management structure of the parent firm can influence successful JV performance. The role of individual differences (regarding culture) affecting negotiation behaviour and JV performance could provide another interesting area of future research. Also, more development of theory is needed to integrate additional variables influencing negotiation behaviour and JV performance.

Although this research includes one failed IJV for examination of the relationship between variables, the result of this JV failure seems to derive from an external factor e.g. Thai economic crisis rather than the influence of internal factors (e.g. bargaining power, trust, and culture). Therefore, further examination should include IJVs which have failed due to the effect of internal factors, so that the validity of this research, and past studies, could be contrasted and enhanced.

The dynamic aspects of the relationship between the context variables (bargaining power, trust, and culture) in an IJV company could also affect, deviate or change the results of negotiation behaviour and JV performance. For example, as one partner provides a lower resource contribution, the bargaining power of the other partner seems to increase. However, if trust between partners is too low, the shift in

bargaining power may not be offset by trust. Accordingly, the findings on the relationship between independent and dependent variables may be different. Future research should look into this further.

Future research should investigate the feedback effect between dependent variables, mediate variable and independent variable. For example, this research found that IJV performance had a feedback effect on the level of trust between partners of company F since the business failed in the end. For this reason, the reciprocal effects between these variables would be worthy of further examination.

9.4 Conclusion included a comparison of research's results with the literature

This study investigated the impact of bargaining power, trust and culture on negotiation behaviour and outcome (performance), using case studies as a research strategy. Six JV companies, in the service sector, were used to establish external validity. The results of these case studies support the relationship depicted in the conceptual model, shown in Figure 4-1.

The results of case studies A, B, C, D, and E provide a majority support to the positive relationship between bargaining power and JV performance. Case study F shows an opposite result to proposition 1, due to the effect of external factors - economic crisis in Thailand. The finding of proposition 1 appear to be supported by Fagre and Wells (1982), Schelling (1956), and Rojot (1991) who found that the (performance) outcome of negotiations between multinational companies, local companies and the host government in developing the JV is influenced by the bargaining power of negotiating parties. In contrast, research conducted by Lin and Germain (1998) with general

managers and division managers involving U.S.-Chinese IJVs in China appears to contradict the result of case studies A, B, C, D and E. They found that the overall relationship between relative bargaining power and performance is not significant.

The results of the case studies A, B, C, D, and E support the positive relationship between trust and JV performance. However, case study F shows an opposite result to proposition 2. This opposite result was influenced by the economic crisis that led to a collapse in the building construction market. Overall, the case studies findings seem to support the relationships between trust and JV performance. The result of a previous study by Hebert (1994) on both domestic and international JV shows a positive correlation between trust and JV performance. This finding appears to be consistent with proposition 2 of the present study. In contrast, Butler (1999) found that outcome inefficiency (cost) increased as trust increased – this is the opposite of what the author would have expected.

The results of the case studies A, B, C, D, E, and F provided unanimous support to proposition 3; a positive relationship between cultural understanding and JV performance. The finding of Tung (1982) seems to support proposition 3. She found that the attitude of Americans towards their Chinese partners has a significant impact on the (performance) outcome of negotiation. Similar findings by Lin and Germain (1998) also seem to support proposition 3. They found that cultural similarity was directly related to IJV satisfaction. Killing (1983) found that cultural dissimilarities had an impact on the success of JV. Killing (1983) and Lewis (1990) also suggest that severe conflicts between JV partners tend to result in misunderstanding which in turn lead to deteriorating JV performance.

The results of the case studies A, B, C, D, E, and F provided unanimous support to proposition 4 that when symmetric bargaining power exists, along with mutual trust and cultural understanding, JV partners tend to cooperate rather than compete against each other. This in turn will result in a favourable performance (outcome). The finding of Lin (1996) appears to support the relationship between trust and cooperative behaviour. He found that problem-solving is positively related to trust. However, the result of Lin (1996) on the correlation between problem-solving and relative power appears to be contradictory to the result of the present study. He found that problem-solving is inversely related to relative power. The finding of Line (1996) seems to support the present study's result on the relationship between cultural understanding and negotiation tactics. He found that national culture can be an important indicator of negotiation behaviour. The results of study by Olson and Singsuwan (1997) shows support to a relationship between negotiation behaviour and performance. They then claim that more successful (performance) outcomes were expected to be characterized by higher levels of constructive negotiation tactics/behaviour. Additionally, Ding (1997) found that conflict between partners was consistently correlated to JV performance. The results of study into the electronic industry of Alper et al. (2000) using structural equation analysis supports proposition 4 that a cooperative instead of competitive approach to conflict leads to conflict efficacy which in turn results in effective performance as measured by managers. According to Friedmann and Beguin (1971), open problem-solving and compromising strategies enable partners resolve conflict situations which, in turn lead to successful JV operation. Campbell et al. (1988) suggest a problem-solving behaviour e.g.

cooperative strategy, tends to lead JV partners to achieve successful (performance) outcomes.

Overall, the empirical evidence suggests a positive impact between each variable, i.e. bargaining power, trust and cultural understanding on JV performance. The effect of these variables is both direct and indirect. Symmetric bargaining power, high trust, and high cultural understanding between partners tend to lead JV partners to achieve a highly successful JV performance. *The results of the case studies also indicated that bargaining power divided equally between JV partners is likely to lead JV firms to achieve a high overall JV performance. JV partners tend often to use a compromising strategy more than competing or battling against each other, when making a final strategic decision. Where the power was balanced, trust and cultural understanding were high and partners seem to be cooperative (high compromising and collaborating). Competing tactics were sometimes used at the commencement of business negotiation, especially when the level of trust and cultural understanding between partners was moderate or low. An imbalance in bargaining power also led JV partners to use competing tactics more often than where the bargaining power is balanced. It appears that when JV partners regularly engage in cooperative interactions (compromising and/or collaborating), a higher level of satisfaction in the overall JV performance is achieved, than when the competing strategy was implemented. Generally speaking, all Thai partners of every case except company F had a high level of satisfaction in the overall performance. The foreign partners of companies A, C, and D generally had a high level of satisfaction in the overall JV performance. The Japanese partner of company B and the British and Belgian*

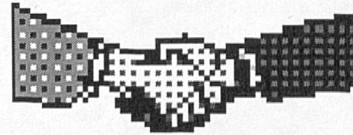
partners of company E were satisfied at a moderate level in the overall JV performance. However, the Australian partner of company F was not satisfied with the overall JV performance. All partners seem to be satisfied with the achievement of their main short-term objectives - profit - apart from Japanese partner Y of company A and both Thai and Australian partners of company F. A significant long-term objective of the foreign partners of company E has not yet been achieved. The long-term objective (experience) of company A has been partially achieved. The long-term objectives (business growth) of companies B, C and D has been achieved at a high level. However, company F did not achieve its long-term objective - business growth. In addition, the empirical evidence of case study F suggests that there is a feedback relationship between trust and performance in this conceptual model.

Appendix A
Questionnaire and Interview Protocol
(English version)



CITY
University
BUSINESS SCHOOL

QUESTIONNAIRE AND INTERVIEW PROTOCOL FOR CASE STUDY RESEARCH



INTERNATIONAL JOINT VENTURE NEGOTIATION

August 1998

QUESTIONNAIRE AND INTERVIEW PROTOCOL FOR CASE STUDY RESEARCH

ON

INTERNATIONAL JOINT VENTURE NEGOTIATION

This questionnaire survey and interview protocol are divided into three parts. Please answer all questions in parts I and II and return to the Thailand address which is found on the last page of this paper. Please feel free to answer or comment on any of the questions. All answers and information obtained will be guaranteed strict confidentiality.

Throughout the questionnaire and interview questions, "JV" refers to "joint venture" and "IJV" is used to represent "international joint venture". Additionally, "you" refers to your parent firm. Finally, I have referred to "partner" throughout the questionnaire. I recognise that there could be more than 2 partners in a joint venture company. If this is the case, please read partners in each question and answer accordingly.

PART I

General Information Regarding Joint Venture Negotiation

Section 1.

1. Joint venture company name _____

Parent company name (a) _____

(b) _____

(c) _____

Nationality of Parent company (a) _____

(b) _____

(c) _____

Nationality of Managing Director _____

Major products/services of parent company

(a) Parent 1 _____

(b) Parent 2 _____

(c) Parent 3 _____

2. Person responsible for completing the questionnaire and/or interview

Name _____

Position _____

Contact telephone No. _____

How long have you worked at this JV firm? _____ (years)

How many years of international business experience did you have prior to joining this JV firm? _____ (years)

Did you personally participate in the initial IJV negotiation?

(Please tick (✓) the appropriate box)

☐ Yes

☐ No

If "yes", please identify the partner you represented

☐ Thai

☐ Foreign

3. How long did the parent company have a business relationship with the partner before entering joint venture negotiation? (e.g. 0,1,2,...years) _____ (years)

4. Number of employees

Thai employees: _____

Foreign employees: _____

5. Total capital investment

(a) Start-up joint venture

Total: _____ (Million Baht)

(b) Now

Total: _____ (Million Baht)

6. Percentage of ownership

At founding:

(a) Thai: _____ (%)

(b) Total foreign: _____ (%)

of each foreign shareholder

Nationality (%)

1. _____

2. _____

3. _____

Now:

(a) Thai: _____ (%)

(b) Total foreign: _____ (%)

of each foreign share holder

Nationality (%)

1. _____

2. _____

3. _____

7. Total assets

(a) At founding: _____ (Million Baht)

(b) Now: _____ (Million Baht)

8. Revenues

(a) First year JV: _____ (Million Baht)

(b) Recent year JV: _____ (Million Baht)

9. When did the IJV negotiation begin? Month _____ Year _____

10. When was the JV contract officially signed? Month _____ Year _____

11. How long was the term of the JV contract? (a) Original: _____ (years)

(b) Renewal: _____ (years)

12. Major services/products of JV firm

(a) Start-up JV: _____

(b) Now: _____

13. How did the partners first make contact each other? (e.g. direct contact, via The Thai government, via broker [specify] others [specify]) _____
14. What type of relationship did the partners have before the IJV negotiation took place? (e.g. no relationship, buyer-seller relationship, technology licensing agreement, marketing agreement, R&D partnership, Others [specify]) _____
15. Market target of JV service firm (domestic, abroad, or a combination) _____
16. Indicate the composition of the JV board of directors
(a) At founding: No. nominated by: Foreign partner _____ Thai partner _____
(b) Now: No. nominated by: Foreign partner _____ Thai partner _____
17. Indicate the nomination of the JV general manager (president or director)
(Please tick (✓) the appropriate box)
(a) At founding: nominated by: ☐ Foreign partner ☐ Thai partner
(b) Now: nominated by: ☐ Foreign partner ☐ Thai partner
18. How long is the term of office for the general manager? _____ (years)
19. Indicate the number of deputy general managers (vice presidents or associate directors)
(a) At founding: No. nominated by: Foreign partner _____ Thai partner _____
(b) Now: No. nominated by: Foreign partner _____ Thai partner _____
20. Indicate the number of departmental managers
(a) At founding: No. nominated by: Foreign partner _____ Thai partner _____
(b) Now: No. nominated by: Foreign partner _____ Thai partner _____
21. Indicate the number of expatriate managers working within the IJV firm?
(a) At founding: Total _____ (b) Now: Total _____
-

Section 2.

Please circle the number that best describes the fact or your point of view.

1. Consider options other than IJV (e.g. licensing, wholly-owned subsidiaries, greenfield investments) that would allow each partner to achieve its strategic objectives and goals currently pursued in IJV.

	Not at all	To some extent		To a great extent	
	1	2	3	4	5
(a) To what extent did the foreign partner consider options other than JV at the JV formation?					
(b) To what extent does it continue to consider these options now?	1	2	3	4	5
(c) To what extent did the Thai partner consider such options at the JV formation?	1	2	3	4	5
(d) To what extent does it continue to consider them now?	1	2	3	4	5

2. How was the competition among JV firms with others as well as with the parents?

	Not intense		Somewhat intense		Very intense
With other firms					
(a) Start-up JV:	1	2	3	4	5
(b) Now:	1	2	3	4	5
With the parents					
(a) Start-up JV:	1	2	3	4	5
(b) Now:	1	2	3	4	5

3. Consider the strategic importance of establishing the JV to each parent's overall business portfolio.

	Not important		Somewhat important		Very important
(a) How important was it to the foreign parent at its founding?	1	2	3	4	5
(b) How important is it to the foreign parent now?	1	2	3	4	5
(c) How important was it to Thai parent at its founding?	1	2	3	4	5
(d) How important is it to Thai parent now?	1	2	3	4	5

4. To what extent did you have an authority to manage JV business operations?

	Not at all		To some extent		To a great extent
(a) Start-up JV:	1	2	3	4	5
(b) Now:	1	2	3	4	5

5. To what extent did your partner have an authority to manage JV business operations?

	Not at all		To some extent		To a great extent	
(a) Start-up JV:	1	2	3	4	5	
(b) Now:	1	2	3	4	5	

6. Regarding the decision-making power exercised by the JV managers, how powerful is the general manager in comparison with the deputy manager nominated by the opposite partner?

	Much less powerful		Equally powerful		Much more powerful	
(a) Start-up JV:	1	2	3	4	5	
(b) Now:	1	2	3	4	5	

7. How often do disagreements occur between the foreign and Thai managers during the decision-making process?

Never		Frequent		All the time	
1	2	3	4	5	

8. To what extent are such disagreements successfully resolved?

Not at all		To some extent		To a great extent	
1	2	3	4	5	

9. How much bargaining power do you have compared to your partner?

(a) Start-up JV:

Your firm					Your partner				
Less powerful	Equally powerful	Very powerful			Less powerful	Equally powerful	Very powerful		
1	2	3	4	5	1	2	3	4	5

(b) Now:

Your firm					Your partner				
Less powerful	Equally powerful	Very powerful			Less powerful	Equally powerful	Very powerful		
1	2	3	4	5	1	2	3	4	5

10. What is the extent of your dependence on your partner in operating the joint venture business?

	Not at all		To some extent		To a great extent	
(a) At founding:	1	2	3	4	5	
(b) Now:	1	2	3	4	5	

11. How well did you understand the cultural traits and management system of your partner?

	Not at all		To some extent		To a great extent	
(a) At founding:	1	2	3	4	5	
(b) Now:	1	2	3	4	5	

12. To what extent did you allow your partner some flexibility to renegotiate a contractual term?

	Not at all		To some extent		To a great extent	
(a) Start-up JV:	1	2	3	4	5	
(b) Recent day:	1	2	3	4	5	

13. To what extent were you different from your partner regarding negotiation behaviour and style?

	Not at all		To some extent		To a great extent	
(a) At founding:	1	2	3	4	5	
(b) Now:	1	2	3	4	5	

14. To what extent did you trust your partner?

	Not at all		To some extent		To a great extent	
(a) Start-up JV :	1	2	3	4	5	
(b) Now:	1	2	3	4	5	

15. To what extent do you think your partner learned to understand the way you negotiate business?

	Not at all		To some extent		To a great extent	
(a) First year JV:	1	2	3	4	5	
(b) Now:	1	2	3	4	5	

16. To what extent do you think the cultural differences in negotiation behaviour and style have influenced the success or failure of negotiation outcomes?

	Not at all		To some extent		To a great extent	
(a) At founding:	1	2	3	4	5	
(b) Now:	1	2	3	4	5	

17. To what extent do you think your partner should follow a contractual agreement?

	Not at all		To some extent		To a great extent	
(a) Start-up JV:	1	2	3	4	5	
(b) Now:	1	2	3	4	5	

PART II

Section 1.

1. How important was possession of each of the following factors in leading you or your partner to influence the outcome of the negotiations?

(Circle one per item; or Circle NA if unsure or not applicable)

	Your firm					Your partner				
	Not Important	Somewhat important	Very important	Not important	Very important	Not important	Somewhat important	Very important	Not important	Very important
Management expertise1	2	3	4	5	NA	1	2	3	4	5 NA
Technology & know-how1	2	3	4	5	NA	1	2	3	4	5 NA
Learning and experience1	2	3	4	5	NA	1	2	3	4	5 NA
Reputation1	2	3	4	5	NA	1	2	3	4	5 NA
Local knowledge1	2	3	4	5	NA	1	2	3	4	5 NA
Innovation techniques1	2	3	4	5	NA	1	2	3	4	5 NA
Leadership1	2	3	4	5	NA	1	2	3	4	5 NA
Information1	2	3	4	5	NA	1	2	3	4	5 NA
Percentage of ownership1	2	3	4	5	NA	1	2	3	4	5 NA
Trust1	2	3	4	5	NA	1	2	3	4	5 NA
Marketing skill1	2	3	4	5	NA	1	2	3	4	5 NA
Commitment1	2	3	4	5	NA	1	2	3	4	5 NA
Financial resources1	2	3	4	5	NA	1	2	3	4	5 NA
R&D (Research and Development).1	2	3	4	5	NA	1	2	3	4	5 NA
Global service support1	2	3	4	5	NA	1	2	3	4	5 NA
Alternative choices of establishing IJV1	2	3	4	5	NA	1	2	3	4	5 NA
Access distribution channels ... 1	2	3	4	5	NA	1	2	3	4	5 NA
Facilitate rapid market entry1	2	3	4	5	NA	1	2	3	4	5 NA
Patents, licenses, trademarks ...1	2	3	4	5	NA	1	2	3	4	5 NA
Network power & connection1	2	3	4	5	NA	1	2	3	4	5 NA
Openness1	2	3	4	5	NA	1	2	3	4	5 NA
Loyalty1	2	3	4	5	NA	1	2	3	4	5 NA
Time pressure1	2	3	4	5	NA	1	2	3	4	5 NA

2. Could you please choose and rank the five most important items listed above (or add new items) in terms of influencing the outcome of the IJV negotiations?

(1: the most important, 2: the second most important, ...5:the fifth most important)

At founding: 1. _____ 2. _____
 3. _____ 4. _____
 5. _____

Now: 1. _____ 2. _____
 3. _____ 4. _____
 5. _____

Section 2.

Subject definition: “We”, “us” in the following statements refer to your company.

“Partner” means the “partner company or companies establishing JV with you”.

Please rate the extent to which you agree or disagree with the following statements.

(Please circle ONE answer for each statement)

1.....Strongly Disagree 4.....Agree

2.....Disagree 5.....Strongly Agree

3.....Neutral

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. We recognize the importance of understanding the partner’s culture before entering JV negotiation. ...1	2	3	4	5	
2. We adapt and compromise where it is possible to maintain a positive JV relationship over time.1	2	3	4	5	
3. We realize that Thai managers perceive and behave like their expatriate managers.1	2	3	4	5	
4. We believe the negotiation style of the Thai official is similar to that of the foreign partner.1	2	3	4	5	
5. We get to know our partner before entering JV negotiation.1	2	3	4	5	
6. We like to socialise with our partner in order to know them better.1	2	3	4	5	
7. We want to build up a general understanding of the experience and life of our partner sometimes during JV negotiation.1	2	3	4	5	
8. We always listen to our partner’s ideas.1	2	3	4	5	
9. We are willing to dedicate whatever resources we can to make our JV business a success.1	2	3	4	5	
10. We tend to be patient with our partner during the negotiation process.1	2	3	4	5	
11. We intend to maintain a good relationship with our partner throughout the joint business venture.1	2	3	4	5	
12. Our main concern in establishing JV business with a local Thai company is to provide entry to local business experience as well as to facilitate dealings with the Thai government.1	2	3	4	5	
<i>(Please leave this question if you are Thai partner)</i>					
13. We make every effort to understand our partner’s perception of business and his modus operandi.1	2	3	4	5	
14. We are satisfied in our personal relationships with our partner.1	2	3	4	5	

15. We are satisfied in our overall relationship with our partner.1	2	3	4	5
16. We feel our partner negotiates and behaves differently from us.1	2	3	4	5
17. We do not mind if negotiations take a longer period and a greater number of meetings with our partner.1	2	3	4	5
18. There are culturally significant differences between us and our partner.1	2	3	4	5
19. We plan to terminate joint venture business because of insurmountable cultural differences.1	2	3	4	5
20. Our partner always does things we do not like.1	2	3	4	5
21. Cultural dissimilarities were not the obstacle for us and our partner to enter a joint venture business agreement.1	2	3	4	5
22. We believe that trust between partners can enhance an effective outcome of JV negotiation.1	2	3	4	5
23. We trust our partner more as we learn and understand more about their culture over time and throughout our joint business venture.1	2	3	4	5
24. We trust our partner to operate JV business responsibly.1	2	3	4	5
25. We believe that our partner does their best in JV business operations.1	2	3	4	5
26. We need to watch everything our partner does.1	2	3	4	5
27. We help our partner in whatever ways they ask.1	2	3	4	5
28. We are a company that stands by our word.1	2	3	4	5
29. We have a high degree of trust with our partner.1	2	3	4	5
30. The Promises of our partner are reliable.1	2	3	4	5
31. We find that power over our partner grows as we learn more about doing business with them.1	2	3	4	5
32. We tend to have more power than our partner in forming important decision-making strategy.1	2	3	4	5
33. We have a greater number of board directors than our partner.1	2	3	4	5
34. We often disagree with the strategic changes proposed by our partner.1	2	3	4	5
35. We have received a high degree of cooperation with our partner.1	2	3	4	5
36. We have a strong and major influence in JV negotiation over our partner.1	2	3	4	5
37. We are dependent on our partner.1	2	3	4	5
38. We were the most powerful firm during the IJV negotiations.1	2	3	4	5

39. Most important decisions made have been shared fairly between us and our partner as a result of compromise respect, and trust for each other.1	2	3	4	5
40. We influence a great deal of control over daily activities.1	2	3	4	5
41. Our partner generally overrules our joint venture agreement and recommendations.1	2	3	4	5
42. We feel we always win at the bargaining table.1	2	3	4	5
43. We transfer much of our knowledge and technology to the IJV firm.1	2	3	4	5
44. We have a long experience of international operations.1	2	3	4	5
45. We receive a better negotiation outcome when our partner knows that we trust them.1	2	3	4	5
46. We obtained an improved negotiation outcome when we shared and compromised more with our partner.1	2	3	4	5
47. We are satisfied with the overall JV negotiation outcome.1	2	3	4	5
48. We believe our partner thinks the overall JV negotiation outcome is satisfactory.1	2	3	4	5
49. By discussing our disagreements at the negotiation stage, we can achieve an effective negotiation outcome.1	2	3	4	5
50. We perceive the joint venture's financial performance is satisfactory.1	2	3	4	5
51. We are satisfied with the overall JV business performance.1	2	3	4	5
52. We believe our partner thinks the JV performs well.1	2	3	4	5
53. We would perform better without our partner.1	2	3	4	5
54. Our partner performs well in the areas they are responsible for.1	2	3	4	5
55. We should not have established this JV at all.1	2	3	4	5

PART III

Interview Protocol For The Case Study Research

1. Could you please tell me about your personal experience and your involvement with the joint venture firm in Thailand?
 - (a) What was your involvement in the joint venture negotiations?
 - (b) What was your involvement in the joint venture management?
 2. Would you describe the business strategy of your company in relation to your partner company?
 - (a) What are the strategic objectives your company expected the JV firm to accomplish at the time of JV formation? (i.e. profitability, market share, cost reduction, technology, sales, management skill, export for foreign exchange, growth and business expansion, credibility and reputation, learning how to do business with foreigner, and so on)
 - (b) How important were each of the strategic objectives specified at the time of JV formation and now?
 - (c) To what extent have each of these strategic objectives been achieved?
 - (d) Did you have a time schedule in terms of when these objectives should be achieved?
 - (e) Have any changes taken place in your company's strategy and strategic goals in relation to your partner since the JV agreement was reached? (If so, have these modified strategy and strategic goals been achieved?
 - (f) What were the strategic objectives and goals you think your partner wanted to achieve as a result of establishing JV?
 - (g) To what extent do you think your partner has achieved his objectives and goals?
 3. Could you give your reasons for choosing to enter joint business venture with your current partner based on their relative importance? (e.g. reduce time, strengthen competitiveness, cost reduction, access to marketing skill, facilitate rapid market entry, obtain expertise, taxation, spread/reduce risk, obtain know-how and technology, patents, licenses, or trademarks, connection, transfer pricing, foreign exchange balance, market access, reputation, obtain scarce resource...etc.)
 4. Please provide me with a brief history of how the JV agreement was reached and also how the negotiation proceeded?
 - (a) Who between your company and your partner initiated the idea of entering JV business?
 - (b) *Foreign partner:* Were any of your competitors negotiating joint venture business with Thai firms?
Thai partner: Were any of your competitors negotiating joint venture business with foreign firms in Thailand?
 - (c) *Foreign partner:* Did your company have any experience of doing business with Thai firms before the JV firm was created?
-

- (d) Did your company experience any international joint ventures before this one was created? If so, when did your company first participate in IJV? and with what nationality?
 - (e) *Foreign partner*: To what extent did your company have a choice of establishing JV business with different Thai firms?
Thai partner: To what extent did your company have a choice of establishing JV business with different foreign firms in Thailand?
 - (f) Did your company have any concerns about negotiation with regards to differences in culture and style?
5. Could you outline the joint venture contract and related agreements which the firm reached as a result of JV negotiation?
- (a) How was ownership structure decided?
 - (b) Was the duration of JV the firms planned prior to JV termination? If so, how long?
 - (c) How often and on what issues did you always renegotiate the joint business venture with your partner?
6. Could you specify both tangible and intangible resources you and your partner contributed to this JV business at the time of joint venture formation and now? (e.g. management expertise, technology & know-how, financial resources, research and development, patents, licenses, trademarks, technical personnel, non-technical personnel, marketing service, distribution channels/networks, information & knowledge management)
- (a) What percentage of the above resources is contributed by your firm and your partner firm respectively? Does the JV agreement specify how much resource is contributed by each partner?
7. Could you please let me know the problems and difficulties you face during the joint venture negotiation process with regards to the culture and style of negotiation?
- (a) Could you describe the cultural similarity and dissimilarity you face when negotiating with your partner?
 - (b) Could you let me know the negotiation style and behaviour of your partner? Please tell me, what negotiation behaviour and style you like and do not like at the formation of joint venture? Could you describe any changes in your partner's negotiating style? How do you feel about these changes? Did you expect any change in your partner's negotiating style and behaviour and if so, what sort of change?
 - (c) Did you expect your partner to have or adapt to the same negotiating style as you? Please describe, Why?
 - (d) Could you describe your experience in general when you negotiate with your partner? Could you describe the attitude of you and your partner during the negotiation process (e.g. harmony/confrontation)? Which strategies did you often implement on negotiation with your partner (e.g. win-win, take-give, zero sum, cooperative/competitive)?
-

- (e) Could you describe the most important issues at initial negotiation stage (e.g. business matters only, relationship building....etc.)? What about now?
 - (f) What issues do you normally discuss at the negotiating table (e.g. generic principles and broad terms/rigid and specific details)? Could you please let me know the level of agreement and disagreement with those issues when they are discussed at the negotiating table?
 - (g) Could you describe the duration of negotiating business with your partner at the formation of joint venture compared with a recent negotiating deal?
 - (h) Could you describe your relationship with your partner at the formation of the joint venture and now?
 - (i) If you have previous experience of JV business with other firms, could you tell us your experience of negotiation with those firms compared with this JV firm?
 - (j) What is your perception of establishing a JV with a partner whose culture is closer and more similar, compared with a culture which is very different?
 - (k) What was your perception of the strength of terms of the contractual agreement (a piece of paper, allow flexibility, legal force,...etc.)?
8. What do you believe to be the level of satisfaction with regards to the overall JV negotiation outcomes?
- (a) In your opinion, was your partner satisfied with the negotiation outcomes?
 - (b) What have been the outcomes of negotiation which you have obtained in general.
 - (c) What negotiation outcomes do you expect but have not so far received from this JV business?
 - (d) How do you feel about the outcome of negotiation when you take power in negotiations with your partner (positive, negative, no difference)?
 - (e) How was the outcome of negotiation when your partner knew you were trustworthy?
 - (f) Have there been any changes in the direction of negotiation outcomes as you and your partner have learned more about each other's negotiating and management styles?
 - (g) How was the negotiation outcome as your bargaining power shifted towards your partner?
9. Could you describe the level of trust between you and your partner in doing business together when the JV was created? How is it now?
- (a) Could you describe how you trust your partner? (e.g. reputation, past business experience, loyalty)
 - (b) If there are some changes in the level of trust above, what factors do you think are the major influences to these changes? (e.g. increases in learning curve and experience, reduction in bargaining power)
 - (c) Who do you trust when negotiation take place (individual, organisation, a combination) and Why?
-

10. Could you describe how the joint venture business is managed at the board of directors level? How is management responsibility for the joint venture divided between Thai and foreign parents?
- (a) What are the mechanisms through which the parents are involved in the decision-making process of JV business?
 - (b) What role does the board of directors play in making strategically important decisions for JV business?
 - (c) How does the board of directors make decisions? (consensus or the rule of majority)?
 - (d) How often does the board of directors meet?
 - (e) How is the management responsibility divided between the expatriate and the local managers?
 - (f) How do you differentiate the roles played by each parent with regards to the amount of authority or power they have in managing the joint venture firm over time?
 - (g) Who pays the expatriate managers during their work in Thailand?
11. Could you please describe the organisational and management structure of your JV firm (e.g. flat/tall; centralise/decentralise/a combination; top-down/bottom-up style; formal/informal)? How similar was the JV's management structure to that of your firm at the formation of the JV? How similar is it now?
- (a) Could you talk about the relationships and interaction between managers and subordinates both vertically and horizontally?
 - (b) Please describe the relationships between you and your partner at personal level and firm level?
 - (c) How did you recruit staff (e.g. level of education, school ties & geographical, reputation, school & university, ability,.....etc.)?
 - (d) Please tell me, how did you promote your employees (seniority, connections relatives/common hometown, performance....etc.)?
12. Could you please describe your assessment of the JV performance (e.g. level of sales, profitability, market share, service marketing, research and development, technology of service, costs, growth, learning)?
- (a) Are you satisfied with this performance?
 - (b) Are you satisfied with the overall JV performance?

Thank you very much for your participation

I would greatly appreciate your completion of this questionnaire and interview.

Please mail the completed Parts I and II of the questionnaire to the interviewer at the Thailand address below.

If you would like to receive a copy of the results and conclusion of this research, please write "*a copy of research results*" together with your name and address on a separate envelope or write to me later. I will send you a copy right away !!

Jiraphan Skuna
Ph.D. candidate
City University Business School
Strategy and International Business
Frobisher Crescent, Barbican Centre
London, EC2Y 8HB
England
Tel: + 44 171-4778760
Home (Tel&Fax): + 44 181-8711310
E-mail: j.skuna@city.ac.uk
jskuna@hotmail.com

Prior to and around the time the interview takes place, could you please contact me at the following Thailand address:

1598 Soi Jarunsnitwong 57, Bangkok, 10700
Tel: (02) 4248124, 4352130
Fax: (02) 4352128
Mobile: (01) 4919888

Appendix B
Questionnaire and Interview Protocol
(Thai version)



CITY
University
BUSINESS SCHOOL

แบบสอบถามและคำถามสัมภาษณ์



การเจรจาต่อรองร่วม
ทุนระหว่างประเทศ

แบบสอบถามและคำถามสัมภาษณ์

สำหรับ

กรณีศึกษาเรื่องการเจรจาต่อรองร่วมทุนระหว่างประเทศ

แบบสอบถามและคำถามสัมภาษณ์นี้ได้ถูกแบ่งออกเป็นสามหัวข้อ ขอความกรุณาท่านตอบทุกคำถามในหัวข้อที่หนึ่ง และสองลงในแบบสอบถามนี้และส่งแบบสอบถามนี้กลับไปให้ผู้สัมภาษณ์ตามที่อยู่ในประเทศไทยซึ่งได้ระบุไว้ที่หน้าสุดท้ายของท่านได้โปรดตอบคำถามต่างๆ และทำการวิจารณ์อย่างสบายใจ เนื่องจากว่าทุกคำตอบและข้อมูลทั้งหลายที่ได้รับจากท่านจะถูกเก็บไว้เป็นความลับสุดยอด

ในแบบสอบถามและคำถามสัมภาษณ์นี้ “JV” ซึ่งย่อมาจาก “Joint Venture” หมายถึง “การร่วมทุน” และ “IJV” ซึ่งใช้เป็นตัวย่อของ “International Joint Venture” มีความหมายว่า “การร่วมทุนระหว่างประเทศ” ส่วน “You” หรือ “ท่าน” นั้นมีความหมายแทนบริษัทแม่ของท่าน

หัวข้อที่หนึ่ง

ข้อมูลพื้นฐานทั่วไปเกี่ยวกับการเจรจาต่อรองร่วมทุนระหว่างประเทศ

ส่วนที่หนึ่ง

1. ชื่อบริษัทร่วมทุน _____

ชื่อบริษัทแม่ (ก) _____

(ข) _____

(ค) _____

สัญชาติของบริษัทแม่ (Nationality of Parent company)

(ก) _____

(ข) _____

(ค) _____

สัญชาติของกรรมการผู้จัดการ (Managing Director) _____

สินค้าและ/หรือบริการหลักของบริษัทแม่

(ก) บริษัทแม่ 1 _____

(ข) บริษัทแม่ 2 _____

(ค) บริษัทแม่ 3 _____

2. ข้อมูลเกี่ยวกับผู้ตอบแบบสอบถามและ/หรือให้สัมภาษณ์

ชื่อ _____

ตำแหน่ง _____

เบอร์โทรศัพท์ติดต่อ _____

ระยะเวลาที่ทำงานในบริษัทร่วมทุนนี้ _____ (ปี)

ก่อนหน้าที่ท่านจะทำงานในบริษัทนี้ ท่านเคยมีประสบการณ์เกี่ยวกับการทำธุรกิจระหว่างประเทศมาแล้วกี่ปี _____ (ปี)

ท่านได้มีส่วนร่วมเจรจาในตอนแรกเริ่มของการต่อรองร่วมทุนระหว่างประเทศ (IJV negotiation) หรือไม่

(โปรดทำเครื่องหมาย ✓ ลงในช่องสี่เหลี่ยมหน้าคำตอบของท่าน)

☐ มีส่วนร่วม ☐ ไม่มีส่วนร่วม

ถ้ามีส่วนร่วม ท่านเป็นตัวแทนร่วมเจรจาต่อรองของฝ่ายใด

☐ ผู้ร่วมทุนไทย ☐ ผู้ร่วมทุนต่างชาติ

3. ก่อนหน้าที่จะมีการเข้าเจรจาต่อรองร่วมทุน บริษัทแม่ (parent firm) มีความสัมพันธ์ทางธุรกิจกับบริษัทผู้ร่วมทุน (partner firm) มาเป็นระยะเวลากี่ปี _____ (ปี)

4. จำนวนพนักงาน

พนักงานไทย: _____ (คน)

พนักงานต่างชาติ: _____ (คน)

5. ทุนจดทะเบียนทั้งหมด

(ก) ขณะเริ่มดำเนินการธุรกิจร่วมทุน (JV): _____ (ล้านบาท)

(ข) ปัจจุบัน: _____ (ล้านบาท)

6. สัดส่วนของการถือหุ้น (คิดเป็นร้อยละ)

เมื่อเริ่มก่อตั้ง :

(ก) ไทย _____ (%)

(ข) ต่างชาติโดยรวม _____ (%)

โดยคิดแยกเป็นแต่ละชาติดังนี้

สัญชาติ (%)

1. _____

2. _____

3. _____

ปัจจุบัน :

(ก) ไทย _____ (%)

(ข) ต่างชาติโดยรวม _____ (%)

โดยคิดแยกเป็นแต่ละชาติดังนี้

สัญชาติ (%)

1. _____

2. _____

3. _____

7. สินทรัพย์รวม (Total assets)

(ก) เมื่อเริ่มก่อตั้ง: _____ (ล้านบาท)

(ข) ปัจจุบัน: _____ (ล้านบาท)

8. จำนวนรายได้ (Revenues) (ก) ปีแรกของการร่วมทุน _____ (ล้านบาท)

(ข) ปีล่าสุดของการร่วมทุน _____ (ล้านบาท)

9. การเจรจาต่อรองร่วมทุนระหว่างประเทศ (IJV negotiation) เริ่มต้นเมื่อใด
เดือน _____ ปี _____
10. การลงนามอย่างเป็นทางการในสัญญาการร่วมทุน (JV contract) เริ่มขึ้นเมื่อใด
เดือน _____ ปี _____
11. สัญญาการร่วมทุนมีระยะเวลานานเท่าใด
(ก) เริ่มแรกสัญญา: _____ (ปี)
(ข) ต่อหรือแก้ไขสัญญา: _____ (ปี)
12. การให้บริการหรือผลิตภัณฑ์หลักของบริษัทร่วมทุน
(ก) เมื่อเริ่มดำเนินการ: _____
(ข) ปัจจุบัน: _____
13. การติดต่อระหว่างผู้ร่วมทุนเริ่มต้นอย่างไร (เช่น ติดต่อกันโดยตรง, ติดต่อผ่านรัฐบาลไทย, ผ่าน โบรกเกอร์ [โปรดระบุชื่อ], อื่นๆ [โปรดระบุ]) _____
14. ผู้ร่วมทุนมีความสัมพันธ์กันใดก่อนที่การเจรจาต่อรองร่วมทุนระหว่างประเทศ (IJV negotiation) จะเกิดขึ้น (เช่น ไม่รู้จักกันมาก่อนเลย, มีความสัมพันธ์กันแบบผู้ซื้อผู้ขาย [buyer-seller relationship], เคยทำสัญญาอนุญาตใช้เทคโนโลยี [technology licensing agreement], เคยทำสัญญาด้านการตลาด, เคยร่วมกันวิจัยและพัฒนาทางธุรกิจ, อื่นๆ [โปรดระบุ]) _____
15. ตลาดเป้าหมายของบริษัทร่วมทุนในธุรกิจบริการ (ในประเทศ, ต่างประเทศ, ผสม) _____
16. โปรดระบุสัดส่วนของคณะกรรมการที่ปรึกษาในบริษัทร่วมทุน (the JV board of directors)
(ก) เมื่อเริ่มก่อตั้ง: จำนวนที่ถูกแต่งตั้งโดย: ผู้ร่วมทุนต่างชาติ _____ ผู้ร่วมทุนไทย _____
(ข) ปัจจุบัน: จำนวนที่ถูกแต่งตั้งโดย: ผู้ร่วมทุนต่างชาติ _____ ผู้ร่วมทุนไทย _____
17. ผู้จัดการทั่วไป (general manager [or president/director]) ในบริษัทร่วมทุนนี้ได้รับการแต่งตั้งมาจากฝ่ายใด (โปรดทำเครื่องหมาย ✓ ลงในช่องสี่เหลี่ยมหน้าข้อที่ท่านเลือก)
(ก) เมื่อเริ่มก่อตั้ง: ถูกแต่งตั้งโดย: ☐ ผู้ร่วมทุนต่างชาติ ☐ ผู้ร่วมทุนไทย
(ข) ปัจจุบัน: ถูกแต่งตั้งโดย: ☐ ผู้ร่วมทุนต่างชาติ ☐ ผู้ร่วมทุนไทย
18. ผู้จัดการทั่วไปในบริษัทร่วมทุนนี้มีสัญญาการทำงานในบริษัทกี่ปี (ถ้ามี) _____ (ปี)
19. โปรดระบุจำนวนของรองผู้จัดการทั่วไป (deputy general manager [or vice president/associate director])
(ก) เมื่อเริ่มก่อตั้ง: จำนวนที่ถูกแต่งตั้งโดย: ผู้ร่วมทุนต่างชาติ _____ ผู้ร่วมทุนไทย _____
(ข) ปัจจุบัน: จำนวนที่ถูกแต่งตั้งโดย: ผู้ร่วมทุนต่างชาติ _____ ผู้ร่วมทุนไทย _____
20. โปรดระบุจำนวนของผู้จัดการแผนก (departmental managers)
(ก) เมื่อเริ่มก่อตั้ง: จำนวนที่ถูกแต่งตั้งโดย: ผู้ร่วมทุนต่างชาติ _____ ผู้ร่วมทุนไทย _____
(ข) ปัจจุบัน: จำนวนที่ถูกแต่งตั้งโดย: ผู้ร่วมทุนต่างชาติ _____ ผู้ร่วมทุนไทย _____
21. โปรดระบุจำนวนของผู้จัดการต่างชาติ (expatriate managers) ทั้งหมดในบริษัทร่วมทุนนี้
(ก) เมื่อเริ่มก่อตั้ง: _____ (คน)
(ข) ปัจจุบัน: _____ (คน)

ส่วนที่สอง

โปรดเลือกโดยการวงกลมรอบหมายเลขซึ่งให้รายละเอียดข้อเท็จจริงหรือความคิดของท่านได้ดีที่สุด

1. โปรดพิจารณาทางเลือกอื่นๆ นอกเหนือจากวิธีการร่วมทุนระหว่างประเทศ (IJV) ซึ่งจะทำให้ผู้ร่วมทุนแต่ละฝ่ายยังสามารถบรรลุเป้าหมายทางกลยุทธ์อย่างเดียวกับที่ดำเนินการในการร่วมทุนระหว่างประเทศในครั้งนี้ได้เช่นกัน (เช่น ขาใบอนุญาตประกอบกิจการ [licensing], เข้าไปดำเนินการสาขาแต่เพียงผู้เดียว [wholly-owned subsidiaries], ทำการลงทุนตั้งกิจการจากการเริ่มต้นด้วยตัวเอง [greenfield investments])

ไม่มีทางเลือกอื่นใดเลย มีทางเลือกบ้าง มีทางเลือกอย่างมาก

(ก) เมื่อเริ่มต้นการร่วมทุนผู้ร่วมทุนชาว

ต่างชาติ (foreign partner) มีทางเลือก

อื่นๆอีกมากน้อยเพียงใด

1 2 3 4 5

(ข) ผู้ร่วมทุนชาวต่างชาติมีทางเลือกอื่นๆ

เป็นอย่างไรในปัจจุบันนี้

1 2 3 4 5

(ค) เมื่อเริ่มต้นการร่วมทุน ผู้ร่วมทุน

ชาวไทย (Thai partner) มีทางเลือกอื่นๆ

อีกมากน้อยเพียงใด

1 2 3 4 5

(ง) ผู้ร่วมทุนชาวไทยมีทางเลือกอื่นๆ

เป็นอย่างไรในปัจจุบันนี้

1 2 3 4 5

2. การแข่งขันทางธุรกิจระหว่างบริษัทร่วมทุนนี้กับบริษัทอื่นๆ และกับบริษัทแม่เป็นอย่างไรบ้าง

ไม่รุนแรง ก่อนข้างรุนแรง รุนแรงมาก

กับบริษัทอื่นๆ

(ก) เมื่อเริ่มดำเนินการ: 1 2 3 4 5

(ข) ปัจจุบัน: 1 2 3 4 5

กับบริษัทแม่

(ก) เมื่อเริ่มดำเนินการ: 1 2 3 4 5

(ข) ปัจจุบัน: 1 2 3 4 5

3. โปรดพิจารณาถึงความสำคัญทางกลยุทธ์ (strategic importance) ของการก่อตั้งกิจการร่วมทุนของบริษัทแม่แต่ละฝ่าย เมื่อเปรียบเทียบกับธุรกิจอื่นทั้งหมดที่แต่ละฝ่ายมี

ไม่สำคัญ ก่อนข้างสำคัญ สำคัญมาก

(ก) ธุรกิจร่วมทุนนี้มีความสำคัญมากน้อยเพียงใดต่อบริษัทแม่

ชาวต่างชาติ (foreign parent) เมื่อเริ่มก่อตั้ง

1 2 3 4 5

(ข) ความสำคัญต่อบริษัทแม่ชาวต่างชาติเป็นอย่างไรบ้างในปัจจุบันนี้

1 2 3 4 5

(ค) ความสำคัญต่อบริษัทแม่ฝ่ายไทย (Thai parent) เป็นอย่างไรบ้าง

เมื่อเริ่มก่อตั้ง

1 2 3 4 5

(จ) ความสำคัญของกิจการร่วมทุนต่อบริษัทแม่ฝ่ายไทยเป็นอย่างไรบ้าง

ในปัจจุบันนี้

1 2 3 4 5

4. ท่านมีอำนาจหน้าที่ (authority) ในการจัดการดำเนินงานธุรกิจร่วมทุน (JV business operations) มากน้อยเพียงใด

ไม่มีเลย

มีบ้าง

มีเป็นอย่างมาก

(ก) เมื่อเริ่มดำเนินการ:

1

2

3

4

5

(ข) ปัจจุบัน:

1

2

3

4

5

5. ผู้ร่วมทุนของท่านมีอำนาจหน้าที่ในการจัดการดำเนินงานธุรกิจร่วมทุนมากน้อยเพียงใด

ไม่มีเลย

มีบ้าง

มีเป็นอย่างมาก

(ก) เมื่อเริ่มดำเนินการ:

1

2

3

4

5

(ข) ปัจจุบัน:

1

2

3

4

5

6. ผู้จัดการทั่วไป (general manager) ในบริษัทร่วมทุนนี้มีอำนาจในการตัดสินใจมากน้อยเพียงใด เมื่อเปรียบเทียบกับรองผู้จัดการทั่วไปที่ได้รับการแต่งตั้งจากผู้ร่วมทุนอีกฝ่าย

มีอำนาจน้อยมาก

มีอำนาจเท่าๆกัน

มีอำนาจอย่างมาก

(ก) เมื่อเริ่มดำเนินการ:

1

2

3

4

5

(ข) ปัจจุบัน:

1

2

3

4

5

7. ข้อพิพาท (disagreements) ระหว่างผู้จัดการไทยกับผู้จัดการต่างประเทศ (foreign manager) เกิดขึ้นบ่อยครั้งหรือไม่

ไม่เคยเกิดขึ้น

เกิดขึ้นบ่อยครั้ง

เกิดขึ้นตลอดเวลา

1

2

3

4

5

8. ข้อพิพาทต่างๆ นี้ได้ถูกแก้ไขไปมากน้อยเพียงใดแล้ว

ไม่มีการแก้ไขเลย

มีการแก้ไขบ้างเพียงบางส่วน

มีการแก้ไขไปมากแล้ว

1

2

3

4

5

9. ตามความคิดเห็นของท่าน บริษัทท่านมีอำนาจในการต่อรองทางธุรกิจมากน้อยเพียงใด เปรียบเทียบกับบริษัทผู้ร่วมทุน (partner firm) อีกฝ่าย

(ก) เมื่อเริ่มดำเนินการ:

บริษัทท่าน

บริษัทผู้ร่วมทุน

มีอำนาจน้อยมาก

มีอำนาจพอๆกัน

มีอำนาจมาก

มีอำนาจน้อยมาก

มีอำนาจพอๆกัน

มีอำนาจมาก

1

2

3

4

5

1

2

3

4

5

(ข) ปัจจุบัน:

บริษัทท่าน

บริษัทผู้ร่วมทุน

มีอำนาจน้อยมาก

มีอำนาจพอๆกัน

มีอำนาจมาก

มีอำนาจน้อยมาก

มีอำนาจพอๆกัน

มีอำนาจมาก

1

2

3

4

5

1

2

3

4

5

10. ท่านมีความจำเป็นที่จะต้องได้รับการสนับสนุน (dependence on) ในการดำเนินกิจการจากผู้ร่วมทุนมากน้อยเพียงใด

ไม่มีความจำเป็น

มีความจำเป็นบ้าง

มีความจำเป็นอย่างมาก

(ก) เมื่อเริ่มก่อตั้ง:

1

2

3

4

5

(ข) ปัจจุบัน:

1

2

3

4

5

11. ท่านมีความเข้าใจในลักษณะการบริหารธุรกิจและธรรมเนียมปฏิบัติ(culture) ของผู้ร่วมทุนมากน้อยเพียงใด

	ไม่เข้าใจเลย		เข้าใจบ้าง		เข้าใจเป็นอย่างมาก
(ก) เมื่อเริ่มก่อตั้ง:	1	2	3	4	5
(ข) ปัจจุบัน:	1	2	3	4	5

12. ท่านได้ให้การผ่อนปรน (allow flexibility) กับผู้ร่วมทุนมากน้อยเพียงใด ในการขอเจรจาต่อรองแก้ไขข้อสัญญา (contractual terms) ทางธุรกิจใหม่

	ไม่ยอมเลย		ยอมบ้าง		ยอมเป็นอย่างมาก
(ก) เมื่อเริ่มดำเนินการ:	1	2	3	4	5
(ข) เมื่อเร็ว ๆ นี้:	1	2	3	4	5

13. ท่านมีความแตกต่างทางด้านพฤติกรรม (behaviour) และวิถี (style) การเจรจาต่อรองจากผู้ร่วมทุนธุรกิจมากน้อยเพียงใด

	ไม่แตกต่างกันเลย		แตกต่างกันบ้าง		แตกต่างกันเป็นอย่างมาก
(ก) เมื่อเริ่มก่อตั้ง:	1	2	3	4	5
(ข) ปัจจุบัน:	1	2	3	4	5

14. ท่านมีความเชื่อใจ/ไว้วางใจ (trust) ในผู้ร่วมทุนของท่านมากน้อยเพียงใด

	ไม่ไว้วางใจเลย		ไว้วางใจบ้าง		ไว้วางใจเป็นอย่างมาก
(ก) เมื่อเริ่มดำเนินการ:	1	2	3	4	5
(ข) ปัจจุบัน:	1	2	3	4	5

15. ท่านคิดว่าผู้ร่วมทุนมีความรู้และเข้าใจในวิธีการเจรจาต่อรองธุรกิจของท่านมากน้อยเพียงใด

	ไม่เข้าใจเลย		เข้าใจบ้าง		เข้าใจเป็นอย่างมาก
(ก) ปีแรกของการร่วมทุน:	1	2	3	4	5
(ข) ปัจจุบัน:	1	2	3	4	5

16. ท่านคิดว่าความแตกต่างกันในด้านพฤติกรรม (behaviour) และรูปแบบ (style) ของการเจรจาต่อรองจะมีผลต่อความสำเร็จหรือความล้มเหลวมากน้อยเพียงใด

	ไม่มีผลเลย		มีผลบ้าง		มีผลเป็นอย่างมาก
(ก) เมื่อเริ่มก่อตั้ง:	1	2	3	4	5
(ข) ปัจจุบัน:	1	2	3	4	5

17. ท่านคิดว่าผู้ร่วมทุนของท่านควรที่จะปฏิบัติตามสัญญาข้อตกลง (contractual agreements) ที่เห็นพ้องร่วมกันแล้วมากน้อยเพียงใด

	ไม่จำเป็นต้องปฏิบัติตามเลย		ควรปฏิบัติตามบ้าง		ควรปฏิบัติตามเป็นอย่างมาก
(ก) เมื่อเริ่มดำเนินการ:	1	2	3	4	5
(ข) ปัจจุบัน:	1	2	3	4	5

หัวข้อที่สอง

ส่วนที่หนึ่ง

1. โปรดบอกถึงระดับความสำคัญของตัวแปรที่ท่านและ/หรือผู้ร่วมทุนมีตามที่ระบุข้างล่างนี้ ซึ่งได้ส่งผลกระทบต่อผลลัพธ์ของการเจรจาธุรกิจ
(โปรดวงกลมหนึ่งคำตอบต่อหนึ่งรายการ; หรือเลือก NA สำหรับคำตอบที่ท่านไม่แน่ใจหรือไม่ได้ใช้)

	บริษัทของท่าน					บริษัทของผู้ร่วมทุน				
	ไม่มีความสำคัญ	ค่อนข้างสำคัญ	สำคัญมาก	ไม่มีความสำคัญ	ค่อนข้างสำคัญ	สำคัญมาก	ไม่มีความสำคัญ	ค่อนข้างสำคัญ	สำคัญมาก	ไม่มีความสำคัญ
ผู้ชำนาญการทางด้านการจัดการ1	2	3	4	5	NA	1	2	3	4	5 NA
(Management expertise)										
เทคโนโลยีและความรู้ความชำนาญ1	2	3	4	5	NA	1	2	3	4	5 NA
(Technology & know-how)										
การเรียนรู้และประสบการณ์1	2	3	4	5	NA	1	2	3	4	5 NA
(Learning and experience)										
ชื่อเสียง1	2	3	4	5	NA	1	2	3	4	5 NA
(Reputation)										
ความรู้เฉพาะท้องถิ่น1	2	3	4	5	NA	1	2	3	4	5 NA
(Local knowledge)										
ความคิดสร้างสรรค์ทางเทคนิคใหม่ๆ1	2	3	4	5	NA	1	2	3	4	5 NA
(Innovation technique)										
ความเป็นผู้นำ1	2	3	4	5	NA	1	2	3	4	5 NA
(Leadership)										
ข้อมูลข่าวสาร1	2	3	4	5	NA	1	2	3	4	5 NA
(Information)										
สัดส่วนของความเป็นเจ้าของ1	2	3	4	5	NA	1	2	3	4	5 NA
(Percentage of ownership)										
ความเชื่อใจ1	2	3	4	5	NA	1	2	3	4	5 NA
(Trust)										
ทักษะด้านการตลาด1	2	3	4	5	NA	1	2	3	4	5 NA
(Marketing skill)										
คำมั่นสัญญา1	2	3	4	5	NA	1	2	3	4	5 NA
(Commitment)										
ทรัพยากรด้านการเงิน1	2	3	4	5	NA	1	2	3	4	5 NA
(Financial resources)										

การวิจัยและพัฒนา	1	2	3	4	5	NA	1	2	3	4	5	NA
(Research and development)												
การส่งเสริมด้านการบริการทั่วโลก	1	2	3	4	5	NA	1	2	3	4	5	NA
(Global service support)												
ทางเลือกอื่นๆ ที่น่าสนใจเนื่องจากการร่วม ทุนระหว่างประเทศนี้	1	2	3	4	5	NA	1	2	3	4	5	NA
(Alternative choices of establishing International Joint Venture)												
ช่องทางในการเข้าถึงการให้บริการและ จัดจำหน่าย	1	2	3	4	5	NA	1	2	3	4	5	NA
(Access distribution channels)												
มีความคล่องตัวในการเข้าถึงตลาด	1	2	3	4	5	NA	1	2	3	4	5	NA
(Facilitate rapid market entry)												
สิทธิบัตร, ใบอนุญาต, เครื่องหมายการค้า.....	1	2	3	4	5	NA	1	2	3	4	5	NA
(Patents, licenses, trademarks)												
โครงข่ายอำนาจและการรู้จักคุ้นเคย	1	2	3	4	5	NA	1	2	3	4	5	NA
(Network power & connection)												
การเปิดรับการเจรจาต่อรอง.....	1	2	3	4	5	NA	1	2	3	4	5	NA
(Openness)												
ความซื่อสัตย์	1	2	3	4	5	NA	1	2	3	4	5	NA
(Loyalty)												
การบีบคั้นด้านเวลา	1	2	3	4	5	NA	1	2	3	4	5	NA
(Time pressure)												

2. โปรดเลือกและจัดลำดับจากรายการข้างต้นที่ท่านคิดว่าสำคัญที่สุดมา 5 รายการ ซึ่งมีผลกระทบต่อผลของการเจรจา
ต่อรองร่วมทุนระหว่างประเทศ (หรืออาจเพิ่มรายการใหม่ลงไปตามที่ท่านเห็นว่าสำคัญ)
(1: สำคัญมากที่สุด, 2: สำคัญมากเป็นอันดับที่สอง, ...5: สำคัญมากเป็นอันดับที่ห้า)

(ก) เมื่อเริ่มก่อตั้ง: 1. _____ 2. _____ 3. _____
4. _____ 5. _____

(ข) ปัจจุบัน: 1. _____ 2. _____ 3. _____
4. _____ 5. _____

ส่วนที่สอง

คำจำกัดความ: “เรา” ในประโยคข้างล่างนี้หมายถึงบริษัทท่าน ส่วน “ผู้ร่วมทุน” มีความหมายแทนบริษัทร่วมทุนที่ได้ร่วมทุนดำเนินการกับท่าน

โปรดเลือกคำตอบจากประโยคข้างล่างตามระดับน้ำหนักที่ท่านเห็นชอบระหว่าง เห็นด้วยอย่างยิ่ง กับไม่เห็นด้วยอย่างยิ่ง (โปรดเลือกคำตอบโดยวงกลมมาหนึ่งคำตอบในแต่ละประโยค)

- | | |
|-----------------------------|--------------------------|
| 1..... ไม่เห็นด้วยอย่างยิ่ง | 4..... เห็นด้วย |
| 2..... ไม่เห็นด้วย | 5..... เห็นด้วยอย่างยิ่ง |
| 3..... ไม่มีความเห็น | |

1. เราตระหนักถึงความสำคัญของการรู้และเข้าใจในธรรมเนียมปฏิบัติ (culture) ทางธุรกิจของผู้ร่วมทุนก่อนที่จะมีการเจรจาต่อรองร่วมทุน1 2 3 4 5
 2. เราได้ปรับตัวเข้าหากันและประนีประนอมเท่าที่จะเป็นไปได้ตามความเหมาะสมเพื่อรักษาความสัมพันธ์อันดีของธุรกิจร่วมทุนตลอดช่วงเวลาที่ผ่านมา1 2 3 4 5
 3. เราตระหนักว่าผู้จัดการไทยมีความเข้าใจและประพฤติปฏิบัติเหมือนกับผู้จัดการต่างประเทศ (expatriate managers)1 2 3 4 5
 4. เราเชื่อว่ารูปแบบวิธีการเจรจาต่อรองของเจ้าพนักงานไทยนั้นคล้ายกับของผู้ร่วมทุนต่างชาติ (foreign partner)1 2 3 4 5
 5. เรารู้จักมักคุ้นกับผู้ร่วมทุนก่อนการเข้าเจรจาร่วมทุนธุรกิจนี้1 2 3 4 5
 6. เราชอบที่จะร่วมกิจกรรมทางสังคมต่างๆ กับผู้ร่วมทุนเพื่อสร้าง
ความสัมพันธ์กันให้มากขึ้น1 2 3 4 5
 7. เรามีความสนใจที่จะรู้และเข้าใจเกี่ยวกับประสบการณ์ต่างๆ ไปและชีวิต
ความเป็นอยู่ของผู้ร่วมทุนในบางครั้งบางคราวระหว่างการเจรจาต่อรองร่วมทุน ...1 2 3 4 5
 8. เรายินดีรับฟังความคิดเห็นของผู้ร่วมทุนอยู่เสมอ1 2 3 4 5
 9. เรามีความเต็มใจที่จะให้การสนับสนุนทางด้านทรัพยากรต่างๆ ตามที่เรา
จะพึงกระทำ เพื่อให้บรรลุถึงความสำเร็จของธุรกิจร่วมทุน1 2 3 4 5
 10. เรามีความพยายามที่จะอดทนกับผู้ร่วมทุนของเราในระหว่างกระบวนการ
การเจรจาต่อรองธุรกิจ1 2 3 4 5
 11. เรามีความมุ่งมั่นที่จะรักษาความสัมพันธ์ที่ดีของเราต่อผู้ร่วมทุนตลอด
ช่วงเวลาของการร่วมทุนธุรกิจ1 2 3 4 5
 12. เรามุ่งหวังที่จะสร้างธุรกิจร่วมทุนกับคนไทยในท้องถิ่น (local Thai) เพื่ออาศัย
ประสบการณ์ทางธุรกิจท้องถิ่นของคนไทยรวมไปถึงการได้รับความคล่องตัว
ในการเจรจาธุรกิจกับรัฐบาลไทย1 2 3 4 5
- (โปรดผ่านข้อนี้ไปถ้าท่านเป็นผู้ร่วมทุนไทย [Thai partner])

13. เรามีความพยายามที่จะเข้าใจความคิดอ่านและวิถีทางปฏิบัติต่างๆ ในผู้ร่วมทุน ของเรา	1	2	3	4	5
14. เรามีความพึงพอใจในความสัมพันธ์ส่วนตัวระหว่างเรากับผู้ร่วมทุน	1	2	3	4	5
15. เรามีความพึงพอใจในเรื่องความสัมพันธ์โดยรวม (overall relationship) ของเรากับผู้ร่วมทุน	1	2	3	4	5
16. เราารู้สึกถึงความแตกต่างในแง่ของวิธีการและพฤติกรรมในการเจรจา ต่อรองระหว่างเรากับผู้ร่วมทุน	1	2	3	4	5
17. เราไม่รังเกียจที่จะใช้ระยะเวลาที่ยาวนานและการเจรจาย่อยครั้งกับผู้ร่วมทุน	1	2	3	4	5
18. ธรรมเนียมปฏิบัติ (culture) ระหว่างเรากับผู้ร่วมทุนมีความแตกต่างกันอย่างเด่นชัด..1	2	3	4	5	
19. เรามีความตั้งใจที่จะล้มเลิกกิจการร่วมทุนด้วยสาเหตุของความไม่ สอดคล้องกันอย่างยิ่งในด้านของธรรมเนียมปฏิบัติ (culture)	1	2	3	4	5
20. ผู้ร่วมทุนของเรามักจะกระทำแต่สิ่งที่ไม่พึงพอใจ	1	2	3	4	5
21. ความไม่ลงรอยกันในเรื่องของธรรมเนียมปฏิบัติ(culture) ไม่ได้เป็นสาระสำคัญ สำหรับเราและผู้ร่วมทุนในการทำข้อตกลงทางธุรกิจร่วมทุน	1	2	3	4	5
22. เราเชื่อมั่นว่าความไว้วางใจซึ่งกันและกันของผู้ร่วมทุนจะทำให้ผลลัพธ์ ของการเจรจาต่อรองร่วมทุนมีประสิทธิภาพมากยิ่งขึ้น	1	2	3	4	5
23. เมื่อเราได้เรียนรู้และเข้าใจในธรรมเนียมปฏิบัติ (culture) ทางธุรกิจของ ผู้ร่วมทุนมากขึ้น ตลอดช่วงระยะเวลาของการร่วมทุนธุรกิจกัน เราก็ได้ให้ความไว้วางใจในผู้ร่วมทุนมากยิ่งขึ้น	1	2	3	4	5
24. เราให้ความไว้วางใจผู้ร่วมทุนในการดำเนินงานที่ผู้ร่วมทุนรับผิดชอบอยู่	1	2	3	4	5
25. เราเชื่อมั่นว่าผู้ร่วมทุนได้กระทำอย่างเต็มความสามารถแล้วในการดำเนิน กิจการร่วมทุน	1	2	3	4	5
26. เราเฝ้าจับตาดูทุกฝั้วในทุกอย่างที่ผู้ร่วมทุนดำเนินการทำ	1	2	3	4	5
27. เราให้ความช่วยเหลือต่อผู้ร่วมทุนในทุกๆด้านที่ผู้ร่วมทุนได้ร้องขอ	1	2	3	4	5
28. เราเป็นบริษัทที่ปฏิบัติตามสิ่งที่เราได้เคยกล่าวไว้เสมอ	1	2	3	4	5
29. เราให้ความไว้วางใจอย่างสูงกับตัวผู้ร่วมทุน	1	2	3	4	5
30. เราให้ความเชื่อถือในคำสัญญาของผู้ร่วมทุน	1	2	3	4	5
31. เราค่อนข้างที่จะกุมอำนาจการต่อรองมากกว่าผู้ร่วมทุนเมื่อเราได้เรียนรู้การ ทำธุรกิจกับผู้ร่วมทุน	1	2	3	4	5
32. เราค่อนข้างจะมีอำนาจมากกว่าผู้ร่วมทุนในด้านกลยุทธ์การตัดสินใจที่ สำคัญๆ	1	2	3	4	5
33. กรรมการที่ปรึกษาจากฝ่ายเรามากกว่าทางฝ่ายผู้ร่วมทุน	1	2	3	4	5
34. เราไม่เห็นด้วยกับผู้ร่วมทุนในการเปลี่ยนแปลงทางกลยุทธ์	1	2	3	4	5
35. เราได้รับความร่วมมือในด้านการดำเนินงานอย่างสูงจากผู้ร่วมทุน.....	1	2	3	4	5
36. เรามีอำนาจมากกว่าผู้ร่วมทุนในการเจรจาต่อรองธุรกิจร่วมทุน	1	2	3	4	5

37. ในการดำเนินกิจการ เรามีความจำเป็นต้องอาศัยผู้ร่วมทุน	1	2	3	4	5
38. ในการเจรจาต่อรองเกี่ยวกับธุรกิจร่วมทุนระหว่างประเทศ เราเป็นบริษัท ที่มีอำนาจในการเจรจาต่อรองสูงสุด	1	2	3	4	5
39. เนื่องจากเรามีความประนีประนอม, ให้ความไว้วางใจและความเคารพ ซึ่งกันและกัน ดังนั้นการตัดสินใจในเรื่องสำคัญหลายๆจะถูกพิจารณา ร่วมกันเป็นอย่างดี	1	2	3	4	5
40. เรามีอำนาจหน้าที่ในการควบคุมกิจกรรมทางธุรกิจประจำวันเป็นอย่างมาก	1	2	3	4	5
41. ผู้ร่วมทุนมักจะ ไม่ค่อยปฏิบัติตามข้อตกลงของธุรกิจร่วมทุนและข้อเสนอแนะ ของเรา	1	2	3	4	5
42. เราารู้สึกว่าเราจะบรรลุเป้าหมายในการเจรจาต่อรองธุรกิจอยู่เสมอ	1	2	3	4	5
43. เราให้การถ่ายทอดความรู้และเทคโนโลยีให้กับบริษัทร่วมทุนระหว่างประเทศ อย่างเต็มที่	1	2	3	4	5
44. เรามีประสบการณ์ในการทำธุรกิจระหว่างประเทศมาเป็นระยะเวลาอันยาวนาน	1	2	3	4	5
45. เรามักจะได้รับผลในการเจรจาต่อรองที่ดีขึ้นเมื่อผู้ร่วมทุนทราบว่าผู้ร่วมทุน ได้รับความไว้วางใจ (trust) จากเรา	1	2	3	4	5
46. เมื่อเรามีการแบ่งปันและมีความประนีประนอมกันกับผู้ร่วมทุนเป็นอย่างดี เรามักจะได้รับผลในการเจรจาต่อรองที่ดีขึ้น	1	2	3	4	5
47. เรามีความพึงพอใจในผลลัพธ์การเจรจาต่อรองโดยรวมของธุรกิจร่วมทุน	1	2	3	4	5
48. เราเชื่อว่าผู้ร่วมทุนคิดว่าธุรกิจร่วมทุนนี้มีผลลัพธ์การเจรจาต่อรองโดยรวมเป็น ที่น่าพึงพอใจ	1	2	3	4	5
49. ด้วยการสนทนเกี่ยวกับปัญหาข้อขัดแย้งในระหว่างการเจรจาต่อรองของผู้ร่วมทุน ทั้งสองฝ่าย จะทำให้ทั้งสองฝ่ายบรรลุถึงผลลัพธ์การเจรจาต่อรองเป็นที่น่าพอใจ	1	2	3	4	5
50. เราเข้าใจและตระหนักดีว่าผลลัพธ์ทางการเงินของธุรกิจร่วมทุน เป็นที่น่าพอใจ	1	2	3	4	5
51. เรามีความพึงพอใจในประสิทธิผลโดยรวมของธุรกิจร่วมทุน	1	2	3	4	5
52. เราเชื่อมั่นว่าผู้ร่วมทุนคิดว่าธุรกิจร่วมทุนนี้มีผลการดำเนินงานที่มีประสิทธิภาพ เป็นอย่างดี	1	2	3	4	5
53. เราจะมีผลการดำเนินงานทางธุรกิจที่ดีขึ้นถ้าปราศจากการร่วมทุนกับผู้ร่วมทุนนี้	1	2	3	4	5
54. ผู้ร่วมทุนมีผลงานตามที่ได้รับผิดชอบได้เป็นอย่างดี	1	2	3	4	5
55. เราไม่สมควรที่จะก่อตั้งกิจการร่วมทุนนี้ขึ้นมาเลย.....	1	2	3	4	5

หัวข้อที่สาม

คำถามสัมภาษณ์สำหรับงานวิจัยกรณีศึกษา

1. โปรดอธิบายถึงประสบการณ์ส่วนตัวและความเกี่ยวข้องในบริษัทร่วมทุน (JV firm) ของท่านในประเทศไทย
 - (ก) ท่านมีความเกี่ยวข้องอย่างไรบ้าง (อะไรบ้าง) กับการเจรจาต่อรองร่วมทุนธุรกิจนี้ (JV negotiations)
 - (ข) ท่านมีความเกี่ยวข้องอย่างไรบ้าง กับการจัดการบริหารกิจการร่วมทุนนี้ (JV management)

2. โปรดบรรยายถึงกลยุทธ์ทางธุรกิจ (business strategy) ของท่านที่มีความเกี่ยวข้องกับของผู้ร่วมทุน
 - (ก) เป้าหมายทางกลยุทธ์ (strategic objectives) ที่ทางบริษัทท่านคาดการณ์ว่าจะได้รับจากธุรกิจร่วมทุนนี้เมื่อเริ่มก่อตั้ง (เช่น ผลกำไร, ส่วนแบ่งการตลาด, การลดต้นทุน, เทคโนโลยี, ยอดขาย, ทักษะการบริหาร, ส่งออกเพื่อให้ได้รับผลประโยชน์จากการแลกเปลี่ยนเงินตราต่างประเทศ (export for foreign exchange), การเติบโตและการขยายตัวทางธุรกิจ, การมีเครดิตและชื่อเสียง, การเรียนรู้ถึงการทำธุรกิจกับต่างชาติ, อื่นๆ)
 - (ข) เป้าหมายทางกลยุทธ์แต่ละข้อที่ได้วางไว้เมื่อเริ่มก่อตั้งธุรกิจร่วมทุนและขณะนี้ปัจจุบันมีความสำคัญมากน้อยอย่างไร
 - (ค) เป้าหมายทางกลยุทธ์ประสบความสำเร็จไปมากน้อยเพียงใดแล้ว
 - (ง) ท่านได้กำหนดไว้หรือไม่ว่าเมื่อใดเป้าหมายที่วางไว้เหล่านั้นจะต้องได้รับผลสำเร็จ
 - (จ) มีการเปลี่ยนแปลงใดเกิดขึ้นบ้างในกลยุทธ์ (strategy) และ เป้าหมายทางกลยุทธ์ (strategic objectives) ของบริษัทท่านที่มีส่วนสัมพันธ์กับผู้ร่วมทุน นับตั้งแต่มีการตกลงร่วมทุนกันถ้ามี, กลยุทธ์ที่ถูกคิดและเป้าหมายทางกลยุทธ์ใหม่นี้ได้รับผลสำเร็จบ้างหรือไม่
 - (ฉ) ท่านคิดว่าวัตถุประสงค์และเป้าหมายทางกลยุทธ์ (goals and objectives) อะไรบ้างที่ผู้ร่วมทุนต้องการจะได้รับการเข้าร่วมทุนนี้
 - (ช) ท่านคิดว่าผู้ร่วมทุนของท่านได้รับผลสำเร็จจากวัตถุประสงค์และเป้าหมายที่ผู้ร่วมทุนได้วางไว้มากน้อยเพียงใดแล้ว

3. โปรดบอกถึงสาเหตุสำคัญตามลำดับในการที่ท่านได้ตกลงเลือกการเข้าร่วมทุนธุรกิจกับผู้ร่วมทุนนี้ (เช่น ประหยัดเวลา, เสริมกำลังในการแข่งขันอย่างมีประสิทธิภาพ, ลดต้นทุน, ได้ทักษะทางการตลาด, มีความสะดวกในการเข้าถึงตลาดได้อย่างรวดเร็ว, ได้รับสนับสนุนจากผู้ชำนาญการ, เรื่องภาษี, กระจาย/ลด ความเสี่ยง, ได้รับความรู้ความชำนาญและเทคโนโลยี, สิทธิบัตร, ใบอนุญาต (licenses) และเครื่องหมายการค้า, ความรู้จักคุ้นเคยกับบุคคล (connection), ได้ประโยชน์จากการใช้หลักการราคาโอน (transfer pricing), ทำให้การแลกเปลี่ยนเงินตราต่างประเทศเกิดสมดุลย์ (foreign exchange balance), การเข้าถึงตลาด, ชื่อเสียง, ได้รับทรัพยากรที่หายาก, อื่นๆ)

4. โปรดเล่าประวัติโดยย่อว่าข้อตกลงในการร่วมทุนนี้บรรลุผลสำเร็จได้อย่างไร และมีการดำเนินการอย่างไรบ้างในช่วงของการเจรจาต่อรองธุรกิจ
 - (ก) ระหว่างท่านกับผู้ร่วมทุน ใครเป็นผู้ริเริ่มเสนอความคิดเกี่ยวกับการเข้าร่วมทุน (JV) ในธุรกิจร่วมทุนนี้
 - (ข) สำหรับผู้ร่วมทุนต่างชาติ : มีคู่แข่งทางธุรกิจของท่านบ้างหรือไม่ที่ได้มีการเจรจาต่อรองร่วมทุนธุรกิจกับบริษัทไทยบริษัทนี้
 สำหรับผู้ร่วมทุนไทย : มีคู่แข่งทางธุรกิจของท่านบ้างหรือไม่ ที่ได้มีการเจรจาต่อรองร่วมทุนธุรกิจกับบริษัทต่างชาติในประเทศไทย
 - (ค) สำหรับผู้ร่วมทุนต่างชาติ : บริษัทท่านเคยมีประสบการณ์ในการทำธุรกิจร่วมกับบริษัทไทยมาก่อนหรือไม่ ก่อนที่จะเข้าร่วมธุรกิจร่วมทุนนี้
 - (ง) บริษัทท่านเคยมีประสบการณ์ในการทำธุรกิจร่วมทุนระหว่างประเทศมาก่อนที่จะเข้าร่วมธุรกิจร่วมทุนนี้หรือไม่ (ถ้ามี) บริษัทท่านได้เริ่มเข้าธุรกิจร่วมทุนระหว่างประเทศครั้งแรกเมื่อใด และกับชาติใด
 - (จ) สำหรับผู้ร่วมทุนต่างประเทศ: บริษัทของท่านมีทางเลือกในการเข้าร่วมทุนกับบริษัทไทยอื่นๆ แต่ละบริษัทมากน้อยเพียงใดนอกเหนือไปจากบริษัทที่ท่านได้ร่วมกิจการอยู่
 สำหรับผู้ร่วมทุนไทย: บริษัทของท่านมีทางเลือกในการเข้าร่วมทุนกับบริษัทต่างชาติอื่นๆ แต่ละบริษัทในประเทศมากน้อยเพียงใด นอกเหนือไปจากบริษัทต่างชาติที่ท่านได้ร่วมกิจการอยู่
 - (ฉ) บริษัทท่านได้เห็นถึงความสำคัญในเรื่องของความแตกต่างเกี่ยวกับธรรมเนียมปฏิบัติ (culture) และรูปแบบ (style) การต่อรองในการเจรจาธุรกิจร่วมทุนนี้หรือไม่
5. โปรดสรุปสาระสำคัญของสัญญา (contract) และข้อตกลง (agreement) อันเนื่องมาจากผลของการเจรจาต่อรองร่วมทุนธุรกิจนี้ที่เกี่ยวข้องกับท่านและผู้ร่วมทุน
 - (ก) โครงสร้างในเรื่องสัดส่วนของการถือหุ้น (ownership structure) ในบริษัทร่วมทุนเป็นอย่างไร
 - (ข) การร่วมทุนทางธุรกิจได้ถูกกำหนดระยะเวลาไว้หรือไม่ ก่อนที่จะสิ้นสุดลง
 ถ้ามีกำหนดระยะเวลา ได้กำหนดไว้ยาวนานเท่าใด
 - (ค) ท่านมีการทบทวนแก้ไข (renegotiate) ข้อตกลงของธุรกิจร่วมทุนในหัวข้อใดบ้าง และบ่อยครั้งเท่าใด
6. โปรดระบุถึงทรัพยากร (ทั้งแบบรูปธรรม [tangible] และนามธรรม [intangible]) ซึ่งท่านและผู้ร่วมทุนได้ให้การสนับสนุนและส่งเสริมแก่บริษัทร่วมทุนนี้ ณ เวลาที่เริ่มก่อตั้งธุรกิจร่วมทุน และในปัจจุบันนี้ (เช่น ผู้เชี่ยวชาญด้านการบริหาร, เทคโนโลยีและความรู้ความชำนาญ, ทรัพยากรด้านการเงิน, งานวิจัยและพัฒนา, สิทธิบัตร, ใบอนุญาตประกอบการ (licenses), เครื่องหมายการค้า, ช่างเทคนิค, บุคคลทั่วไปที่ไม่ใช่ช่างเทคนิค, การบริการด้านการตลาด, ช่องทางการบริการและจัดจำหน่าย/โครงข่ายธุรกิจ (networks), ข้อมูลข่าวสารและความรู้ด้านการจัดการ)
 - (ก) ท่านและผู้ร่วมทุนได้ให้การสนับสนุนและส่งเสริมด้านทรัพยากรตามที่ได้ระบุข้างต้นมากน้อยเพียงใด (โปรดระบุเป็นร้อยละ) แก่บริษัทร่วมทุนธุรกิจนี้
 ได้มีการระบุในสัญญาข้อตกลงถึงจำนวนทรัพยากรที่แต่ละฝ่ายจะต้องให้การสนับสนุนหรือไม่

7. โปรดเล่าถึงปัญหาและความยุ่งยากด้านธรรมเนียมปฏิบัติ (culture) และรูปแบบ (style) การเจรจาต่อรอง ซึ่งท่านมักจะพบอยู่เสมอๆระหว่างกระบวนการเจรจาธุรกิจร่วมทุนนี้
- (ก) โปรดบรรยายถึงความคล้ายคลึงและความแตกต่างในด้านธรรมเนียมปฏิบัติ (culture) ที่ท่านได้พบเห็นในระหว่างการเจรจาธุรกิจกับผู้ร่วมทุนนี้
- (ข) โปรดเล่าถึงลักษณะท่าที/รูปแบบ (style) และพฤติกรรม (behaviour) ในการเจรจาต่อรองของผู้ร่วมทุน โปรดบอกลักษณะท่าที และพฤติกรรมในการเจรจาต่อรองแบบใดที่ท่านชอบและไม่ชอบเมื่อเริ่มก่อตั้งธุรกิจร่วมทุน
- ผู้ร่วมทุนของท่านได้มีการปรับเปลี่ยนในด้านลักษณะท่าที (style) ของการเจรจาต่อรองธุรกิจอย่างไร หรือไม่ ณ ปัจจุบันนี้
- ท่านรู้สึกต่อการเปลี่ยนแปลงนี้อย่างไรบ้าง
- ท่านคาดหวังที่จะให้พฤติกรรมและลักษณะท่าทีในการเจรจาของผู้ร่วมทุนมีการเปลี่ยนแปลงหรือไม่
- ถ้าคาดหวัง ท่านคาดหวังให้การเปลี่ยนแปลงนี้เป็นไปในแนวทางไหน
- (ค) ท่านคาดหวังที่จะให้ผู้ร่วมทุนมีหรือปรับเปลี่ยนลักษณะท่าที (style) ในการเจรจาต่อรองให้เหมือนกับท่านหรือไม่ โปรดอธิบายว่าทำไมท่านถึงต้องการแบบนั้น
- (ง) โปรดเล่าประสบการณ์ทั่วๆ ไปที่ท่านได้พบเห็นเวลาที่เจรจาต่อรองธุรกิจกับผู้ร่วมทุน
- โปรดบรรยายถึงท่าที/ทัศนคติ (attitude) ของท่านและของผู้ร่วมทุนในระหว่างที่มีการเจรจาธุรกิจ (เช่น มีความกลมกลืนเป็นอันหนึ่งอันเดียว/เผชิญหน้ากัน)
- กลยุทธ์แบบใดที่ท่านมักจะนำมาใช้ในการเจรจาธุรกิจกับผู้ร่วมทุน (เช่น บรรลุผลทุกฝ่าย [win-win], ให้และรับ [take-give], ฝ่ายหนึ่งได้ฝ่ายหนึ่งเสีย [zero sum], ร่วมมือกัน/แข่งขันกัน [cooperative/competitive])
- (จ) โปรดบอกถึงหัวข้อ (issues) สำคัญๆ ซึ่งท่านนำมาเจรจาต่อรองมากที่สุดขณะแรกเริ่มการเจรจาธุรกิจร่วมทุน (เช่น เฉพาะหัวข้อทางธุรกิจอย่างเดียว [business matter only], การก่อและสร้างความสัมพันธ์ [relationship building]) และในปัจจุบันนี้เป็นอย่างไรบ้าง
- (ฉ) ขณะมีการเจรจาต่อรองธุรกิจร่วมทุน โดยปกติแล้วเรื่องราวอะไรต่อไปที่ท่านได้กล่าวถึงบ่อยๆ ; พูดถึงหลักการทั่วไปกว้างๆ หรือกล่าวถึงเฉพาะแต่เนื้อหาที่กำหนดและรายละเอียดที่ระบุเท่านั้น อื่นๆ (โปรดระบุ)
- โปรดบอกถึงระดับความเห็นด้วยและไม่เห็นด้วยของท่านในเรื่องราวที่นำมาเจรจาต่อรองธุรกิจ
- (ช) โปรดเล่าถึงระยะเวลาในการเจรจาต่อรองธุรกิจที่ท่านและผู้ร่วมทุนใช้โดยเปรียบเทียบระหว่างเมื่อเริ่มก่อตั้งธุรกิจร่วมทุนกับเมื่อเร็วๆนี้
- (ซ) โปรดอธิบายถึงความสัมพันธ์ระหว่างท่านกับผู้ร่วมทุนว่าเป็นอย่างไรบ้าง ทั้งในช่วงแรกเริ่มธุรกิจร่วมทุนและในปัจจุบันนี้
- (ฅ) หากท่านเคยมีกิจการธุรกิจร่วมทุนกับบริษัทอื่นมาก่อนหน้านี้แล้ว โปรดบอกถึงประสบการณ์ที่ท่านได้ประสบเมื่อมีการเจรจาต่อรองเกิดขึ้น โดยเปรียบเทียบกับธุรกิจร่วมทุนนี้
- (ญ) ท่านคิดเห็นอย่างไรบ้างในการสร้างธุรกิจร่วมทุนกับผู้ร่วมทุนซึ่งมีธรรมเนียมปฏิบัติ (culture) ที่ใกล้เคียงและคล้ายคลึงกันมากกว่า เปรียบเทียบกับในกรณีที่ผู้ร่วมทุนมีธรรมเนียมปฏิบัติที่แตกต่างกันมาก
- (ฎ) ท่านคิดเห็นอย่างไรบ้างเกี่ยวกับข้อกำหนดในสัญญาข้อตกลง (contractual agreements) ที่ได้วางไว้แล้ว (เช่น เป็นเพียงเอกสารใบเดียว, อนุญาตให้ผ่อนปรน (allow flexibility), เครื่องมือบังคับให้เป็นไปตามกฎหมาย)

8. โปรดบอกถึงความพึงพอใจของท่านในผลลัพธ์โดยรวมของการเจรจาต่อรองธุรกิจร่วมทุน
- (ก) ในความคิดเห็นของท่านแล้ว ท่านคิดว่าผู้ร่วมทุนของท่านพึงพอใจกับผลลัพธ์ในการเจรจาต่อรองนี้หรือไม่
 - (ข) โปรดเล่าถึงผลลัพธ์ (outcomes) ของการเจรจาต่อรองที่ท่านได้รับ โดยทั่วไป
 - (ค) ผลลัพธ์การเจรจาต่อรอง (negotiation outcomes) อะไรบ้างซึ่งท่านคาดหวังแต่ท่านยังไม่ได้รับจากธุรกิจร่วมทุนนี้
 - (ง) ท่านรู้ดีอย่างไรต่อผลลัพธ์ของการเจรจาต่อรองที่ได้รับ เมื่อท่านได้ใช้อำนาจ (power) ที่ท่านมีอยู่ในระหว่างการเจรจาต่อรองกับผู้ร่วมทุน (มีผลด้านบวก, มีผลด้านลบ, ไม่มีผล)
 - (จ) ผลลัพธ์ของการเจรจาต่อรองเป็นอย่างไรบ้างเมื่อผู้ร่วมทุนได้รับรู้ว่าท่านนั้นน่าไว้วางใจ (trustworthy)
 - (ฉ) ผลลัพธ์ของการเจรจาต่อรองมีการเปลี่ยนแปลงไปในแนวทางใด เมื่อท่านและผู้ร่วมทุนได้เรียนรู้ลักษณะท่าที (style) ของการเจรจาต่อรอง และการจัดการบริหารของแต่ละฝ่ายมากขึ้น
 - (ช) ผลลัพธ์ของการเจรจาเป็นอย่างไรเมื่ออำนาจในการต่อรอง (bargaining power) ของท่านได้เปลี่ยนไปอยู่ในมือของผู้ร่วมทุน
9. โปรดเล่าถึงระดับความไว้วางใจ (the level of trust) ในการทำธุรกิจร่วมทุน ซึ่งท่านและผู้ร่วมทุนมีต่อกันขณะที่เริ่มก่อตั้งกิจการ และในปัจจุบันนี้เป็นอย่างไร
- (ก) โปรดอธิบายถึงสาเหตุที่ทำให้ท่านไว้วางใจ (trust) ในผู้ร่วมทุน (เช่น ชื่อเสียง, ประสบการณ์ทางธุรกิจในอดีต, ความซื่อสัตย์)
 - (ข) ถ้ามีการเปลี่ยนแปลงระดับความไว้วางใจในข้างต้นเกิดขึ้น ท่านคิดว่าอะไรที่เป็นสาเหตุหลักที่มีผลต่อการเปลี่ยนแปลงนี้ (เช่น การเรียนรู้และประสบการณ์ทางธุรกิจเพิ่มขึ้น, อำนาจการต่อรองลดลง)
 - (ค) ท่านมีความไว้วางใจต่อใครในระหว่างการเจรจาต่อรอง (ตัวบุคคลที่เจรจา (individual), บริษัทที่เจรจา (firm), ทั้งสองอย่าง) ทำไม?
10. โปรดอธิบายเกี่ยวกับการจัดการบริหารว่าเป็นอย่างไรในระดับกรรมการที่ปรึกษา (the board of directors) ภาระหน้าที่ในการจัดการบริหาร (management responsibility) สำหรับธุรกิจร่วมทุนนี้ถูกจัดแบ่งอย่างไรระหว่างบริษัทแม่ฝ่ายไทยและ ต่างชาติ (Thai and foreign parents)
- (ก) กลไกอะไรที่บริษัทแม่นำมาใช้เพื่อเข้าร่วมในกระบวนการตัดสินใจของธุรกิจร่วมทุนนี้ (JV business)
 - (ข) การทำการตัดสินใจที่สำคัญทางกลยุทธ์ในธุรกิจร่วมทุน กรรมการที่ปรึกษามีบทบาทอะไรบ้าง
 - (ค) กรรมการที่ปรึกษาทำการตัดสินใจอย่างไร (เห็นพ้องตามมติรวม [consensus] หรือตามเสียงข้างมาก [the rule of majority])
 - (ง) กรรมการที่ปรึกษาประชุมกันบ่อยครั้งแค่ไหน
 - (จ) ความรับผิดชอบด้านการบริหารนั้น ได้ถูกจัดแบ่งอย่างไร ระหว่างผู้จัดการไทยกับผู้จัดการต่างประเทศ (expatriate managers)
 - (ฉ) ในด้านการจัดการธุรกิจร่วมทุน ตลอดเวลาที่ผ่านมามีความแตกต่างในบทบาทของบริษัทแม่อันเนื่องมาจากขนาด อำนาจหน้าที่ ของบริษัทแม่แต่ละบริษัทที่มีอยู่อย่างไรบ้าง
 - (ช) ใครเป็นคนจ่ายค่าจ้างให้กับผู้จัดการต่างประเทศขณะทำงานที่เมืองไทย

11. โปรดอธิบายถึงโครงสร้างขององค์กร และการบริหาร (organizational and management structure) ของบริษัท ร่วมทุน (เช่น เชิงราบ/เชิงตั้ง (flat/tall); รวมอำนาจ/กระจายอำนาจ/แบบผสม; การบริหารจากบนลงล่าง/การบริหารจากล่างขึ้นบน (top-down/bottom-up style); เป็นทางการ/ไม่เป็นทางการ)
- โครงสร้างการบริหารและการจัดการ ในบริษัทท่านมีความคล้ายคลึงกันกับบริษัทร่วมทุน (JV firm) หรือไม่ ทั้งใน ขณะก่อตั้งกิจการร่วมทุน และในปัจจุบันนี้
- (ก) โปรดบอกถึงความสัมพันธ์ในการทำงานร่วมกันระหว่างผู้จัดการและลูกน้องทั้งในแนวนราบ (horizontal) และ แนวตั้ง (vertical)
 - (ข) โปรดอธิบายถึงความสัมพันธ์ระหว่างท่านและผู้ร่วมทุนในระดับบุคคล (personal level) และ ระดับบริษัท (firm level)
 - (ค) ท่านมีวิธีการคัดเลือกพนักงานอย่างไร (เช่น ตามระดับการศึกษา, เพื่อนร่วมโรงเรียนหรือร่วมภาคเดียวกัน, ชื่อเสียง, โรงเรียนและมหาวิทยาลัยที่จบมา, ความสามารถ, อื่นๆ)
 - (ง) โปรดบอกถึงวิธีเลื่อนขั้นพนักงานของท่าน (ตามอายุการทำงาน, ความคุ้นเคยรู้จักกัน (connection) -เป็นญาติหรือมีถิ่นกำเนิดเดียวกัน, ตามผลงาน, อื่นๆ)
12. โปรดอธิบายถึงผลการประเมินงานของท่านเกี่ยวกับบริษัทร่วมทุนนี้ว่าเป็นอย่างไร (เช่น ยอดขาย, กำไร, ส่วนแบ่งตลาด, การตลาดบริการ (service marketing), งานวิจัยและพัฒนา, เทคโนโลยีด้านการบริการ, ต้นทุน, การเติบโต, การเรียนรู้)
- (ก) ท่านพึงพอใจกับผลงานเหล่านี้หรือไม่
 - (ข) ท่านพึงพอใจกับผลงานโดยรวมของธุรกิจร่วมทุนนี้หรือไม่

ขอกราบขอบพระคุณเป็นอย่างสูง สำหรับการสละเวลาอันมีค่าของท่าน

ข้าพเจ้าซาบซึ้งในน้ำใจของท่านเป็นอย่างมากในการให้ความร่วมมือตอบแบบสอบถาม และร่วมการสัมภาษณ์ในครั้งนี้ ให้อุ่นใจไปด้วยดี

โปรดส่งแบบสอบถามที่ทำการตอบเสร็จสิ้นแล้วในหัวข้อที่ 1 และ 2 ไปยังผู้สัมภาษณ์ตามที่อยู่ในประเทศไทย ข้างล่างนี้

ถ้าท่านสนใจและมีความประสงค์ที่จะได้รับชุดข้อสรุปของผลลัพธ์งานวิจัยนี้ โปรดเขียนระบุว่า “ชุดผลลัพธ์งานวิจัย” และกรอกชื่อ ที่อยู่ของท่านลงในซองจดหมายที่แนบให้มานี้ และส่งกลับคืนมาให้ผู้สัมภาษณ์หรือเขียนมาขอภายหลัง ข้าพเจ้าจะส่งชุดสรุปผลลัพธ์วิจัยไปถึงมือท่านด้วยความรวดเร็ว!!

จิรพันธ์ สุกษา

Jiraphan Skuna

Ph.D. candidate

City University Business School, Strategy and International Business

Frobisher Crescent, Barbican Centre, London, EC2Y 8HB

England

Tel: +44 171-4778760; Home (Tel&Fax): +44 181-8711310

E-mail: j.skuna@city.ac.uk

jskuna@hotmail.com

ในช่วงก่อนและระหว่างที่จะมีการสัมภาษณ์ขอความกรุณาท่านติดต่อตามที่อยู่ในประเทศไทยต่อไปนี้

1598 ซอยเจริญสุขนิทวงศ์ 57 กรุงเทพฯ 10700

โทร: (02) 4248124, 4352130

แฟกซ์: (02) 4352128

มือถือ: (01) 4919888

Appendix C
Cover Letter for the Survey

Strategy & International Business

Professor Chong Ju Choi

B.A.(Seoul), MPA(Harvard), MBA(INSEAD), M.Phil(Oxon), D.Phil(Oxon)

Gyosei Professor of International Business

Head of Department

Director of IBEX MBA



Frobisher Crescent
Barbican Centre
London EC2Y 8HB

Switchboard: 0171 477 8000
Direct Line: 0171 477 8742
Direct Fax: 0171 477 8328

March 11, 1998

TO WHOM IT MAY CONCERN

This is to confirm that MR. Jiraphan SKUNA is a full time Ph.D. student at the City University Business School. I am his Ph.D. thesis supervisor. Mr. Skuna must carry out his case study research on international joint venture in Thailand.

I would be grateful if you would allow him to conduct his research study, including interviews, at your company. If you have any further queries, please contact me at the following:

Telephone: +44 171 477 8742

Fax: +44 171 477 8628

Thank you for your consideration.

Your faithfully,

A handwritten signature in black ink, consisting of stylized, overlapping loops and strokes.

Professor Chong Ju Choi

COVER LETTER FOR CASE STUDY INTERVIEWS

August 2, 1998

Dear Sir/Madam

Research on international joint venture (IJV) has become more significant in recent years. A large amount of research has been undertaken on developed countries whilst very little research has taken place in developing countries. None has been examined in relation to its influence on joint venture negotiation in Thailand. A great number of problems and questions on IJV negotiation arise without answers. The investors and administrators are still vague about what they should do to solve these problems and in which business directions they need to go.

Since your company is one of a small number of firms leading in business operations, as well as rich in valuable experience, *I, a doctoral student in the department of Strategy and International Business at the City University, London, am writing to request your cooperation to carry out research on IJV negotiation in Thailand.* I intend to accomplish this through case study interviews. My reason for the use of case study as a research strategy is because most empirical studies have generally tended to use quantitative research methods based on statistical analysis rather than examine and explore in-depth details which can produce very valid results.

The result of this research will help both Thai and foreign investors to better understand what they do before and after establishing IJV negotiation in relation to cultural distance, negotiating style, and bargaining power, so as to achieve cost minimization and profit maximization. I do hope that this research would benefit business investors and administrators by providing a comprehensive picture of how to negotiate international joint business venture in order to achieve a higher business performance. It may also help in improving effective negotiation outcomes especially in the situation of Asian economic crisis which is occurring now and may continue for some time in the future. The information which I trust you will provide would also be very useful for companies setting up IJV particularly with Asian companies. For example, it might lead companies to reduce both their transaction costs and negotiating time.

I would assure strict confidentiality for all information you provide. You may also refuse to answer any questions you find objectionable. Additionally, you may withdraw your consent at any time and all materials regarding your participation will be destroyed. You and your companies will never be identified individually to any other individual or firms. A copy of a conclusion of research results will be sent to participants, if requested.

If you have any queries or comments, please write or telephone me at the number below. I would greatly appreciate your time and assistance by participating in this important and significant study.

Thank you very much for your time and cooperation.

Sincerely yours,

Jiraphan Skuna

Thailand: 1598 Soi Jarunsnitwong 57, Bangkok, 10700.

Tel: (02) 4248124, 4352130

Fax: (02) 4352128

Mobile: (01) 4919888

England: City University Business School, Strategy and International Business, Frobisher Crescent, Barbican Centre, London, EC2Y 8HB, England.

Tel: + 44 171-4778760

Home (Tel&Fax): +44 181-8711310

E-mail: j.skuna@city.ac.uk

jskuna@hotmail.com

P.S. Please contact me at the Thailand address prior to and around the time the interview takes place

If you are unable to give time to participate in this research on IJV negotiation, please could you nominate someone else to represent you. Your representative should have been involved in the negotiation process for your IJV firm.

Furthermore, the validity of this case study research would be much improved if you could introduce me to someone who can represent your partner (opposite partner) and is able to participate in the interview process.

*****This questionnaire and interview protocol case study research has been written in English and Thai. Please answer in the language of your choice*****
--

Appendix D

Thai Regulations Affecting Foreign Investments

Thailand encourages foreign investment through the “Investment Promotion Act” providing significant tax and other concessions to both domestic and foreign firms granted promotional privileges by the Thai Board of Investment (BOI), the principal government agency. The BOI prefer to promote projects using domestic resources; creating employment opportunities; developing basic infrastructure and supporting industries; earning foreign exchange; strengthening Thailand’s industrial and technological capability; contributing to the economic growth of regions outside Bangkok; developing infrastructure; conserving natural resources; and reducing environmental problems.

Investment projects concerning agriculture, animal husbandry, fishery, mineral exploration and mining, manufacturing and service sectors can be fully promoted only when it is considered that their products, commodities and services are either unavailable or insufficiently-available in Thailand; are produced by an outdated process; important and beneficial to the country’s economic and social development; economically and technologically appropriate or providing preventive measures against damage to the environment.

The following projects will be given special consideration with extra promotional privileges: if they are locating their operation in provincial areas; establishing or developing industries which form the base for further stages of industrial development; developing public utilities and basic infrastructure; conserving natural resources and reducing environmental problems; conserving energy or replacing imported energy supplies; contributing to technological development; and strengthening the balance of payments. Such projects will receive privileges, e.g. corporate income tax exemption for eight years, regardless of location, 50% reduction on import duty on machinery for projects located in zones 1 or 2, and import duty exemption on machinery for projects located in zone 3. The details of each zone will be provided later.

Furthermore, BOI will grant additional privileges to promoted projects which invest in research and development (R&D) activities. Some privileges include extension of the corporate income tax exemption period for an extra three years, but when combined with the existing one, the total period cannot exceed eight years. Promoted projects can also import machinery and equipment for R&D activities with reduced import tax for a period of eight years, starting from the arrival date of the first shipment. However, promoted projects are required to make an additional investment equivalent to the value of the additional income tax exempted and the number of qualified Thai personnel in R&D activities need to be approved by BOI.

Thailand has had consistently positive attitudes to foreign investors and the Thai Government has encouraged investors to establish international joint ventures in Thailand. The number of joint venture firms in Thailand has consistently increased from 132 in 1992 to 387 in 1995, whilst the number of foreign wholly-owned subsidiaries has fluctuated since 1992 (see table 1). The investment value of joint venture firms also fluctuated from 1990 to 1995. However, its investment value of Baht 50,919 million in 1995 showed a rapid increase compared with the earlier value in 1993 of Baht 17,406 million (see table 2).

Table 1

Total number of firms and investments						
granted Board of Investment promotion certificates 1992-1996						
			1992	1993	1994	1995
						1996 (Jan-Jul)
Total number of firms			447	478	944	979
<i>Thai (100% owned)</i>			145	240	523	485
<i>Foreign firms (100% owned)</i>			170	57	76	107
<i>Joint ventures firms</i>			132	181	345	387
Total value of investment			n.a	176,811	209,957	328,465
<i>(Million Baht)</i>						
Source: Thailand's Investment Promotion Journal, Board of Investment						

Table 2

Registered capital of firms granted Board of Investment promotion certificates					
<i>(Million Baht)</i>					
Annual total	1990	1991	1992	1993	1995
Thai (100% owned)	22,461	16,732	13,791	12,857	55,992
Foreign (100% owned)	5,730	20,664	8,030	1,412	6,426
Joint venture	33,035	38,458	17,974	17,406	50,919
Total amount	61,226	75,854	39,795	31,675	113,337
Accumulated total	1960-1989	1960-1990	1960-1991	1960-1992	1960-1994
Thai (100% owned)	39,368	61,829	78,560	92,351	133,568
Foreign (100% owned)	13,908	19,638	23,977	32,007	38,497
Joint venture	70,548	103,583	142,041	160,016	206,283
Total amount	123,824	185,049	244,578	284,374	378,348
Source: Key Investment Indicators, Board of Investment Sep 1991, 1992, 1993, Jan 1995, May 1996					

As at end of May 1996, the total number of firms granted Board of Investment promotion certificates is 5,003 comprising of 2,381 Thai firms, 353 foreign firms, and 2,269 joint ventures firms and the total investment value is Baht 1,847,111.52 million (see table 3).

Table 3

Promotion Certificates Granted 1960-1996						
			As end of	As end of	As end of	As end of
			1993	1994	1995	May-96
Total number of projects			5,989	6,064	6,388	6,774
Total number of firms			4,518	4,567	4,755	5,003
Thai			2,084	2,123	2,250	2,381
Foreign firms			312	313	328	353
Joint venture firms			2,122	2,131	2,177	2,269
Source: Board of Investment						

The following are regulations regarding the percentage of ownership which foreign investors need to take into account when entering joint venture in Thailand. Firstly, the Government allow foreign investors to hold at most 49% equity of the registered capital investment for projects in agriculture, animal husbandry, fishery, mineral

exploration and mining, or in the service sector. Nevertheless, foreign investors with projects with investment capital (excluding the cost of land and working capital) over Baht 1,000 million are allowed to hold a majority or even the whole equity for up to five years after starting operations. Secondly, for production targetting mainly the Thai market, Thai nationals are required to hold at least 51% equity of the registered capital, except projects in zone 3, in which a foreign majority or wholly-owned equity can be allowed. Next, foreign investors can be allowed to hold 100% equity for projects in which at least 80% of total sales are to be exported. Also, for projects where at least 50% of total sales are planned for export, foreign investors can hold a majority equity. Lastly, from 1992 to 1996, the percentage of foreign ownership for projects in the following areas could be negotiated with responsible ministries on a case-by-case basis:- development of transportation systems; public utilities; environmental conservation and restoration; and direct involvement in technological development.

The Thai Government have used investment incentives focusing on industrial decentralisation since 1972 and have gradually developed these policies to achieve maximum performance. In 1972, few provinces were chosen to be investment promotion zones where investors could be granted promotional privileges such as tax reduction or exemption, reduction of corporate income tax, and the bringing in of foreign expertise and staff. Afterwards, promotion areas were changed to suit investment climate and situation in each period. Since 1993, BOI has divided the country's 76 provinces into 3 different zones and proclaimed zone 3 to be the highest incentive promotion zone where foreign investors can maximize their benefits. The details and benefits investors can gain in each zone are given below:-

Thailand map showing promotional zones



In order to encourage investment in Thailand, the BOI has divided the country's 76 provinces into 3 different zones. Higher incentives are available to companies investing in those provinces further away from the Bangkok Metropolitan area.

Zone 1: Bangkok, Samut Prakan, Samut Sakhon, Nakhon Pathom, Nonthaburi, and Pathum Thani

Zone 2: Samut Songkhram, Ratchaburi, Kanchanaburi, Suphan Buri, Ang Thong, Ayuthaya, Saraburi, Nakhon Nayok, Chachoengsao, and Chon Buri

Zone 3: The remaining 60 provinces plus Laem Chabang Industrial Estate

Projects located in Zone 1

- no tax exemption or reduction for the import of machinery, except for projects where export is not less than 80% of total sales or where the factories are located in industrial estates or promoted industrial zones. Such projects will receive a 50% reduction in import duty on machinery which is not included in the tariff reduction notification and which is subject to import duty greater than or equal to 10%
- no exemption from corporate income tax except for projects where export is not less than 80% of total sales and where the factories are located in industrial estates or promoted industrial zones, in which case a three year exemption for full tax will be granted
- exemption from import duty on raw or essential materials for a period of 1 year for projects exporting at least 30% of total sales

Projects located in Zone 2

- 50 % reduction in import duty on machinery which is not included in the tariff reduction and which is subject to import duty greater than or equal to 10%
- full exemption from corporate income tax for 3 years, (extendable up to 7 years), for projects which locate their factories in industrial estates or promoted industrial zones
- exemption from import duty on raw or essential materials for a period of 1 year for projects exporting at least 30% of total sales

Projects located in Zone 3 (Investment promotion zones)

- exemption from import duty on machinery which is not included in the tariff reduction and which is subject to import duty greater than or equal to 10%
- exemption from corporate income tax for 8 years, for projects which locate their factories in industrial estates or promoted industrial zones

- exemption from import duty on raw or essential materials used in export products for a period of 5 years for projects exporting at least 30% of total sales
- 75% reduction of import duty on raw and essential materials used in the production of domestic sales for 5 years, renewable on an annual basis, provided that raw or essential materials comparable in quality are not being produced or are not originating within the Kingdom in sufficient quantity to be acquired for use in such activity.
- special privileges such as : reduction of corporate income tax by 50% for 5 years after the end of the exemption period; double deduction from taxable income of the costs of water, electricity and transport for 10 years from the date of first sales; and deduction from net profit of 25% of the costs of installation or construction of the project's infrastructure facilities

Source: Board of Investment, *A Guide to Board of Investment*, May 1996

Benefits to foreign investors through “Investment Promotion Act.”

According to the Investment Promotion Act 1977 as amended in 1991, foreign investors can gain some benefits in the following ways. First of all, *bringing in foreign nationals to undertake investment feasibility studies*. Foreign investors who want to use foreign nationals to conduct research in Thailand on investment opportunities can apply for permission to do so. However, this privilege only applies to individuals, not to their families. It can be done by writing to the BOI, providing details of the alien's name, position, professional certificates and type of business. The BOI will allow them to stay in Thailand for 90 days at a time. Foreign personnel may be brought in for the following activities :- manufacturing which can bring modern technology to Thailand, uses at least 50% local raw materials, employs more than 20 workers; promotes exports or seeks new markets for local producers; encourages a tourist business which can attract more foreigners to visit Thailand; or a financial institution with more than 20% Thai equity participation which can bring at least Baht 100 million in foreign currency.

Secondly, *bringing in foreign technicians and experts to work on a promoted project*. Promoted firms are permitted to bring in aliens as skilled technicians, or experts, with their families. They can stay in Thailand until their visas expire. Extension can also be applied for. However, if they and their families would like to leave Thailand for a

trip abroad, they need to apply in advance for a re-entry visa from the Immigration Division, otherwise their privileges will be terminated.

Next, *owning land to carry out promoted activities*. A promoted foreign firm holding at least 50% equity can apply for land ownership to operate their businesses. Also, they are allowed to own land outside the factory site for residential purposes. Permission will be granted only to those promoted foreign companies which are located in industrial estates or promoted industrial zones which do not have adequate space for construction of residential facilities. But the residential land must be located not more than 50 kilometers by main public road from the factory site and permission will not be granted to own land in the Bangkok area. Executives or technicians are not allowed to occupy more than 1/2 rai (1 rai = 1,600 square meter) of land per family and the total must not exceed five rai, except for promoted projects with investment value over one billion Baht.

Lastly, *applying for permanent residence in Thailand*. Foreign investors, foreign experts or technicians, including their families, who can invest or transfer know-how for the benefit of Thailand are allowed to apply for permanent residence. Criteria used to vet applicants are as follows:-

Foreign investors need to invest at least Baht 10 million in their project, which is new and eligible for investment incentive. However, a project which is not eligible for investment incentive can gain this benefit too, if it is producing for the purpose of export, increasing employment, utilising indigenous raw materials, locating in provincial areas or encouraging technology transfer to Thailand. In addition, investors must hold more than 25% of the registered capital. However, in projects where the investment value is over Baht 100 million, excluding the cost of land and working capital, the shareholding criteria can be relaxed. The family members include spouse, parents and no more than three children who are unmarried and under 20 years old. Foreign investors, who invest in the Thai securities market, must bring in funds to buy special government bonds, which will not be transferred or redeemed

for a minimum period of 10 years. The amount required per person for an investor, spouse and their children is Baht 8 million, 6 million, and 2 million respectively. Experts possessing technical know-how, having an annual income at least US \$ 10,000 and being over 20 years old can also apply to stay in Thailand permanently. This includes their spouse, parents and children.

Appendix E

Business Cultures and Investment in Thailand

Introduction

Thailand's economy is a mix of manufacturing, agriculture, mining and tourism. Traditionally, the Thai economy was based on agriculture. After implementing the first Five-Year National Economic and Social Development Plan, which emphasised import substitution, Thailand diversified from its agricultural base to industrialisation during the 1980s and 1990s.

Thailand is one of the world's largest exporters of rice, tapioca, rubber and fishery products. According to the export-oriented policy of the Thai government, Thailand's exports are growing rapidly and expanding into textiles, garments, leather products, footwear, plastic products, electronic parts and appliances and computer parts. Tourism has been one of the country's top 5 foreign exchange earners over the past decade, recently attracting over 6 million visitors per year and generating over US\$ 6 billion in foreign exchange revenues.

Thailand's international competitiveness is switching from labour-intensive activities (cheap and hard-working labour) to a highly skilled labour force in order to cope with high technology in the near future as well as remaining competitive against the emerging neighbouring economies (China, Indo-China and Indonesia) who have lower labour costs.

The Thai Economy

The Thai economy has doubled in size over the last six years, with an average annual GDP growth rate of 9% during the period 1983-1993. GDP growth rates in 1994 and 1995 are 8.5% and 8.7% respectively. In the late 1980s, Thailand experienced the fastest growing economy in the world, growing at a rate of 13%. The highest growth has been in the non-agricultural sector, e.g. manufacturing and construction. Agriculture now accounts for only about 10% of GDP, even though it employs around 60% of the labour force.

Nevertheless, this year the economy has begun to slow. Inflation is now about 7%. Strong foreign reserves at US\$ 34.5 billion have helped to offset concerns about the current account deficit which reached 8.1% of GDP at the end 1995.

Five-Year National Social and Economic Development Plans

Since 1960, the policies of the Thai Government have been laid out in a series of five-year plans developed by the National Economic and Social Development Board.

The Sixth Plan (1987-1991) aimed to increase the efficiency of national development, to improve production and marketing systems by promoting the diversification of the industrial structure and to promote more equitable distribution of income and prosperity into provincial regions and rural areas.

The Seventh Plan (1992-1996) places emphasis on a balanced development of all aspects of the Thai economy and society with three main objectives:- sustaining economic expansion, reducing income disparities between urban and rural areas, and developing human resources, improving quality of life, and conserving natural resources and the environment.

The Eighth Plan (1997-2001) will seek to achieve balanced economic growth with stability, while seeking to encourage human resource development and improve infrastructure. Methods of achieving economic growth include planned development of specific regions (e.g. ESB) within the country and encouragement of foreign investment. I will now enlarge on these methods.

The Eastern Seaboard (ESB)

The Eastern Seaboard Development Program (ESDP) was launched a decade ago. The aim is to develop the area into a new economic, industrial, and social base. The ESDP covers three provinces in the Eastern Region:-

- Rayong has become a centre for modern industry and the preferred location of major industries.

- Chonburi is the site of a deep-sea commercial port and various nonpolluting small and medium industries.
- Chachoengsao was planned to house new residential communities but has recently been chosen to become the new centre for government offices.

Infrastructure developments for ESB have included expansion of road and rail networks, improvement of the airport at U-Taphao, building of two deep-sea ports together with two major industrial estates, Laem Chabang and Map Ta Phut, development of private industrial estates, water and electricity supply systems and a telecommunications network. All projects are expected to be completed by the year 2000.

Government and Politics

Since Thailand changed from an absolute to a constitutional monarchy in 1932, the government has been managed by a Prime Minister and Cabinet who exercise their authority with the consent of the military who are a powerful force in Thailand. The current government consists of a coalition of seven parties lead by Chuan Leekpai (Prime Minister).

This government issued a lengthy policy statement, committing itself to improving Thailand's infrastructure, extending compulsory education, providing more primary healthcare and implementing political reform.

Board of Investment (BOI)

Thailand encourages foreign investment and through the "Investment Promotion Act" provides significant tax and other concessions to companies granted promotional privileges by the Thai Board of Investment (BOI). A higher level of investment incentives generates Foreign Exchange, creates jobs and introduces technology transfer.

Certain categories are specified for promotion by the BOI from time to time. Once granted promoted status, certain benefits can be gained, e.g. reduction of import duties

on machinery, exemption from corporate income tax and withholding tax for a three to eight year period, procedures for bringing in foreign staff are simplified and the percentage ownership of Thai companies permitted by foreign nationals is increased. Nevertheless, such benefits normally require large minimum capital requirements and minimum export levels.

Foreign Investment

Thailand has had consistently positive attitudes to foreign investment. The climate for joint ventures with Thai companies is quite good and JVs have been actively encouraged by the Government. Thai companies are now gradually moving from a pattern of traditional family ownership to Western-style corporate structures and entities. Many Thai companies prefer to enter joint venture to achieve know-how and high technology, while foreign partners can benefit from entering the Thai market more quickly, benefitting from lower labour costs and learning more about the culture.

Since the mid 1980s, Thailand seems to be one of the most favourite countries for foreign investors. The average annual growth in foreign investment was about 25% during 1987 to 1990. Since 1991, foreign investment has fluctuated due to the world recession, political instability in Thailand and the emergence of other countries in the region with lower wages. Foreign direct investment reduced by 27% to US\$ 1.6 billion in 1993. See table below.

Net Foreign Direct Investment (Million US\$)					
				(p)	(e)
year	1991	1992	1993	1994	1995
Total	2014	2117	1654	595	989
By Country					
USA	232	464	305	164	362
Taiwan	108	87	61	94	54
Japan	611	337	381	122	366
UK	10	127	161	44	19
Germany	33	24	32	30	29
Hong Kong	453	573	175	128	198
Singapore	253	265	225	-114	-70
Others	313	239	314	126	31
(p=preliminary, e=estimated)					
Source- Board of Investment					

As clearly seen, the largest amount of foreign direct investment recently came from Japan, followed by USA, and Hong Kong.

Exports and Imports

The importance of Thailand as an exporter has increased significantly in recent years. By the beginning of 1994, it had reached the position of being the world's 22nd largest exporter. Exports grew by 20% to US\$ 45.3 billion in 1994 and 23% to US\$ 55.7 billion in 1995. Thailand's export has benefited from the world economic recovery. Thailand's trade deficit last year rose 40% over the previous year to US\$ 14.4 billion (equivalent to 8.8% of GDP). Exports last year totalled US\$ 55.5 billion, rising 23.4% from 1994. Export increased in every sector, particularly in industrial products. Imports totalled US\$ 68.65 billion increasing 26.4% over 1994. Imports of capital goods and raw materials increased significantly. One of the reasons for the current account deficit (US\$ 13.3 billion, 1995) was an increase in the import of consumer products and "luxury goods". Accordingly, the government has tried to tackle this problem by increasing import duties on luxury items so that Thais will spend their income in Thailand and encouraging Thais to save more.

Thailand trades with more than 150 countries around the world. Japan, EU and USA are its major trading partners, providing 30%, 13%, and 12% of imports respectively. The two largest markets for Thai exports are USA, and Japan, which account for respectively, 21% and 17% of the total value exports. As the market in Asia Pacific has grown rapidly in the last few years, Thais' trade within the Asia Pacific region has become bigger and bigger.

Manufacturing exports recently accounted for about 80% of total export value, with the top five manufactured exports being automatic data processing machinery and parts, garments, rubber, electronic integrated circuits, footwear and parts. The top five import items in 1995 were non-electrical machinery, electrical machinery & parts, chemicals, iron and steel and electronic integrated circuits. See the table below.

Thailand Top Five Imports, Million Baht [US\$ 1 = Baht 25.23			
	1993	1994	1995
Non-electrical machinery	168,607	193,271	258,663
Electrical machinery & parts	110,314	136,765	170,102
Chemicals	88,274	108,984	144,377
Iron and Steel	79,901	86,405	119,612
Electronic integrated circuits	48,727	67,821	93,409
Thailand Top Five Export			
Automatic data processing machine and parts	65,271	100,679	102,015
Garments	89,594	41,824	61,243
Rubber	29,183	45,311	58,163
Electronic integrated circuits	35,550	39,261	53,767
Footwear & parts	27,941	26,065	52,688
<i>Source: Dept of Business Economics, Ministry of Commerce</i>			

Banks

There are 15 locally incorporated banks. A number of Thai banks have started to expand domestically, and internationally, by opening more branches and representative offices. The establishment of non-Thai foreign banks is subject to Government control. Fourteen foreign banks are licenced to operate commercial banking business through one branch each and some 40 foreign banks have representative offices in Thailand. Pressure from the General Agreement on Tariffs and Trade to liberalise the entry of foreign banks to set up branches in Thailand, has resulted in the launch of the Bangkok International Banking Facilities (BIBF) programme early in 1993. These BIBF entities will be given approval to operate as full branches of foreign commercial banks.

The Stock Exchange

The Stock Market of Thailand (SET) started operating on 30 April 1970 and has become a broadly based exchange for equity and debt instruments. In 1992, the Securities & Exchange Commission (SEC) was established to formulate policies, to promote and develop, as well as to supervise, matters concerning securities, securities businesses, the securities exchange, over-the-counter centres and related businesses. The Thai stock market is growing rapidly but is still small compared to Hong Kong

and Singapore. The capitalisation of the SET, as a proportion of GDP, rose from 5% in 1985 to almost 100% in 1994.

Airports

There are 6 major airports in Thailand located in Bangkok, Phuket, Hat Yai, Chiang Mai, Ubon Ratchathani and U-Tapao. The Thai Government has planned to build the Second Bangkok International Airport. The project is now expected to be delayed by about two years and, when completed, will be able to handle 30 million passengers a year. Bangkok International Airport hosts more than 70 airlines and provides more than 100,000 international flights each year.

Transportation and Infrastructure

Mass Transit Schemes

- The Metropolitan Rapid System owned by the State Body Metropolitan Rapid Transit Authority (MRTA)
- The Bangkok Metropolitan Administration concession to develop mass transit systems has been awarded to the Bangkok Transit System Company Limited (BTSC)
- The Hopewell Group of Hong Kong have won a concession to use the routes of the State Railway of Thailand (SRT) in Bangkok

Railways

- The improvement of commuter trains services is aimed to convince car owners to leave their cars behind and instead to use trains into Bangkok.
- High Speed Train. The National Economic and Social Development Board (NESDB) has commissioned a study by the US company, Wilber Smith, to examine the feasibility of introducing a national high speed rail system.
- Double Tracking. SRT are keen to construct nation-wide double tracking covering 7,500 km.

Food Processing and Agriculture

Agriculture and agribusiness has continued to be a major cornerstone of the country's economy. It is estimated that 60% of the country's workforce are employed in agriculture related industries. Thailand is the world's largest exporter of tinned

pineapple, (supplying one quarter of world demand), the biggest fishing nation of South-East Asia, the largest exporter of tuna and tapioca, and the second largest exporter of rice. Food processing is one of the Thailand's largest industries giving rise to an industry worth US\$ 4.56 billion a year.

Consumer Goods and Retail Industry

The Bangkok retail business has been transformed into a modern industry with a growing variety of outlets- convenience stores, super stores, discount stores, speciality shops, department stores and huge shopping malls. Liberalisation in the service sector under GATS will continue to attract more foreign investors into the area, which will bring about increased competition. Foreign companies who have invested in the Thai retail market include Makro, Seven Eleven, Carrefour, True Value, Auchan, Hechinger, Woolworth Australia, Watsons of Hong Kong and Tower Records. Since the Thai Government announced a new cut in import duties on 13 groups of luxury items, Thailand now offers good prospects for high quality consumer goods. The Ministry of Finance hopes the current account deficit will fall as Thailand becomes a new shopping paradise for both local and foreign tourists.

Telecommunications

The Thai Government has a master plan to liberalise the telecommunication industry. Telephone Organisation of Thailand seem to retain the monopoly on the basic fixed-line telephone services, at least for the first part of the 8th plan.

Construction

Growth in the construction industry was about 10.75% in 1995. Infrastructure related construction by both public and private companies will account for 50% of overall construction investment. A number of mega-infrastructure projects are now underway, even though some have met delays, e.g. the Hopewell Elevated Train, Tanayong Electric Train and Second Bangkok International Airport projects.

Automobile

Fourteen automobile assembly plants were operating in Thailand in 1995, with a combined annual production capacity of 607,300 units. Large manufacturers are Toyota Motor Co., MMC Sitthipol Co. and Nissan Automobile Co. See the table below.

List of Automobile Assemblers and Production Capacity in 1995

Name of Assemblers	Production (Units/yr.)	Commercial Names
1. Toyota Motor Thailand Co., Ltd.	150,000	Toyota
2. Nissan Automomile Co., Ltd	70,000	Nissan
3. Isuzu Motor Thailand Co., Ltd.	100,000	Isuzu
4. Siam Motor and Nissan Co., Ltd.	48,000	Nissan
5. Thai Hino Industry Co., Ltd.	21,600	Hino, Toyota Dyna
6. MMC Sittiphol Motor Co., Ltd.	100,000	Mitsubishi
7. Sukosol and Mazda Automobile	29,000	Mazda
8. Bangchan General Assembly Co., Ltd.	43,200	Honda, holden, Hyundat, Daihatsu
9. YMC Assembly Co., Ltd.	14,000	BMW
10. Thai-Swedish Co., Ltd.	6,600	Volvo, Renault
11. Thonburi Motor Car Assembly Co., Ltd.	3,400	Mercedes Benz
12. Union Cars Co., Ltd.	6,500	Shida, Isuzu
13. Honda Cars Co., Ltd.	15,000	Honda
14. Motor and Resheng Co., Ltd.	200	Daewoo
<i>Source: Commercial Economics Division, Ministry of Industry</i>		

Total sales of automobiles in 1994 were 488,070 units, an increase of 7.3% over 1993. The domestic automobile market is highly competitive. Manufacturers strove to maintain their market shares by resorting to discounts, turn-ins and additional gifts. Market shares in 1994 were 89.1% of Japanese cars, 9% of European cars and 1.9% of Korean cars. Since 1991, the Thai Government has cut import duties sharply on CKD (Completely Knocked Down) and CBU (Completely Built Up) units of automobile to encourage the free automobile market in Thailand, yet still many car companies import more cars from abroad. However, due to the strong Japanese and German currency, car importers have reduced the number of imported cars and switched to focus more on assembling and producing cars with foreign partners in Thailand. The fact that the Per Capita income of Thais is rising enough for Thais to afford to buy a car leads to more car manufacturing/distribution in Thailand. Added to this, the

advantage and potential of Thailand's location in South East Asia, encourages many foreign investors to invest heavily and to use Thailand as a centre for the distribution of cars in this region.

What Businessmen Should Know Before Doing Business in Thailand

Social Customs and Etiquette

Thais regard the head as the most honourable, and the feet, the lowest limb, the least honourable part of the body. The following aspects are general things which should be avoided while talking or negotiating business with Thai people:-

- Foreigners should be careful not to touch people's heads, (especially someone who is not your close friend or who is older than you) even in a friendly gesture.
- Don't talk or pass anything over the head of anyone else and try to avoid walking between people who are holding a conversation or passing closely in front of an older person. However, if you need to do so, lower your own head slightly as you pass.
- It is considered impolite to use the foot to indicate something/someone (rather use a verbal indication) or to perform an action such as closing a door.
- Don't point or slap people on the back
- Don't have one's hands in one's pockets because Thais regard it as rude
- Talking loudly is regarded as impolite
- Don't cross your legs while sitting opposite anyone
- Never put your foot on the table or sit on the table
- Never snap your fingers to get someone's attention and avoid excessive use of the hands in conversation

Greeting and Introductions

Thais greet each other by pressing the palms together in a prayerlike gesture and bending their heads down to the hands known as the "wai". People who are younger or have a lower position should start the "wai" to older people or higher position who

returns it at the very first in their greeting. Westerners don't need to greet by "wai" if they do not want to or do not feel comfortable. They can shake hands instead and this is acceptable to Thais. However, foreign men had better wait for a Thai woman to extend her hand first for a handshake. Some Thai women might be reluctant to shake hands and they might exchange smiles on greeting instead. In addition, it is not necessary to return the "wai" given to you by a very small child or by a waitress.

In making introductions, the younger or junior persons are always introduced to the senior ones. Thai people do not use surnames to address one another, except in very formal situations. They, Thai men or woman, always address another using the word "Khun", followed by the first name. Most Thais have nicknames which are often shorter than their first name. However, one should not address someone by their nickname unless invited to do so. This is considered impolite especially while negotiating businesses. As in other countries, service ranks and professional titles(e.g. Dr.) are widely used.

Dressing

For business meetings, a business suit or long-sleeve shirt and tie are preferred. It would be polite and preferable to wear a business suit while meeting with senior government officials. It is considered polite for men to wear long sleeve shirts without rolling up their sleeves, to close top shirt buttons and have ties done up to the top. Shorts, bare shoulders and sandals are only for sports and the beach.

Men and women should not wear black or black and white shirts during the day as this colour is generally worn only to funerals. Likewise, foreigners would be asked to dress neatly when visiting a religious place, i.e. not wearing shorts, sandals and hat. They should also keep their shoulders covered and never sit in a position where their feet are stretched out in the direction of a Buddha image.

Thais still frown upon the Westerner's habit of dressing extremely casual in hot climates, e.g. sleeveless T-shirts and very short shorts. Some restaurants,

governmental offices and hotels may refuse entry to those wearing inappropriate attire.

Religion

Buddhism is the national religion and is practiced by more than 95% of all Thais. The remainder are mainly Muslim, Christian or Hindu. All religions are allowed full freedom of expression. The King is patron of all religions in Thailand. The local calendar is calculated from the date of the birth of Buddha (543BC). [AD1996=Buddhist Era 2539]

All Buddha images, even ruined ones, are regarded as sacred objects. The exportation of Buddha images is forbidden, except with special permission. It is forbidden for women to touch Buddhist priests/monks. If a woman would like to give anything to a monk, the monk will spread out a piece of saffron robe or a handkerchief in front of him, then a woman can lay down the material on the robe which is being held at one end by the monks.

Business Cards

The exchange of business cards is ritual whenever two or more people are introduced for the first time individually or at a business meeting. Apart from receiving useful details, the recipient will also have a chance to check the name and avoid the embarrassment of having to ask it again.

Communication and Language

Thais communicate among themselves by Thai language (both written and spoken). However, English is widely used in commercial circles. The desire not to offend and the fear of losing face leads Thais to a tendency of saying "Yes", even if the communication was not understood. Accordingly, foreigners should occasionally repeat major key points to enhance communication.

The concept of “Krieng Jai”, avoiding offence, trying to please and not rocking the boat, could lead to communication breakdowns. Open communication about cross-cultural aspects in the work place or business meeting should be pursued.

Rude or impolite words and raised voices must be avoided while negotiating business with Thais because Thais speak softly and gently. Thai nature is normally non-confrontational. Therefore, the often “pushy” attitude of selling is resented and may not lead to success. Foreign businessmen need to be patient while negotiating and trading businesses with Thais.

In addition, Teo Chiew is the principal dialect used by ethnic Chinese and is still often used by small businesses.

Working with Thai Companies

Employees are likely to give loyalty to an individual rather than to a company. They will normally wait for instructions from their seniors before acting. They will act only as far as the instructions go. Their own initiative is frequently avoided for fear that the superior will not be pleased if it was the wrong initiative. Accordingly, very clear and comprehensive instructions are essential in Thai companies. Thai workers tend not to provide feedback or information on implementation problems to their boss, for fear of negative impact on themselves. As a result, they tend to hide mistakes. Thai staff tend to resist promotions to other departments with new areas of responsibility. “Friendship Networks” can be a barrier to team objectives.

Thais do not sign anything in red ink because this is considered unlucky. The Thai word for Westerner is “Farang”. It is not a derogatory word in itself and is always heard in day to day conversation. Bangkok traffic is very busy. People try to be on time but delays are frequent and often unavoidable therefore, a “no-show” is quite often not out of rudeness.

Hiring and Firing

Westerners tend to judge candidates mainly by ability, experience, suitability and professionalism while Thai managers are likely to place more weight on education, (same school/university), same village and personal ties relationships. Hiring against the recommendations of Thai managers might lead to internal non-acceptance and uneasy work relationships. Thai managers can be unhappy about perks for westerners and their families e.g. to receive long leave, housing allowances, insurance, car and driver. Accordingly, clear definition of recruitment policies, based on both Thai and western management needs and styles are very important. Moreover, Thai managers perception of the value of human resources is different from that of westerners. As a result, hiring and firing occurs quite often in Thai companies.

Gift

It is accepted to give government officials, senior staff, and VIPs a gift if they are the guests of honour at an important event. Also, it is Thai tradition to give some gift or blessing card to superiors/senior staff on the New Year's day or on their birthday.

Visiting a Thai office

Most Thai offices are open from 8.00 am until 5.00 p.m. Lunchtime is normally at noon for one hour. Thai government offices operate Monday to Friday, from 8.30 am to 4.30 p.m. with an hour lunch break. However, because of traffic jams in Bangkok, Thai officers have been allowed flexibility to choose their working time whether from 7.30, 8.30, or 9.30 and complete their daily work in 8 hours.

Visiting a Thai house

Thais prefer to invite Westerners to entertain at a restaurant rather than visiting their houses, except those Westerners who are very close friends with them and have known them quite well for a long period of time. Westerners who are very good friends with Thais and can be trusted by them are normally very welcome to visit Thai homes, even without making an appointment in advance. While visiting a Thai house, Westerners should prepare to take off their shoes before walking into the house. Meals inside Thai houses are served in the same manner as Chinese, for example, it is

placed in bowls in the middle of the table and guests are expected to help themselves, with the host usually leading the way. General Western good manners are perfectly acceptable on these occasions. It is uncommon for Thais to ask for a response (“rsvp”) in invitations. For important occasions, telephone follow-up calls are recommended. Also, Thais rarely send formal thank you notes for an invitation after the event.

Thailand - the land of smiles

Thais will go out of their way to avoid offending anyone publicly and will often smile as if in agreement even when they actually disagree or wish to decline an invitation. Many will avoid saying “no” directly. Sometimes the smile does not always indicate happiness or amusement. It can be used for several meanings as follows:- Amusement/happiness, an indication of not understanding, used instead of saying “thank you”, used instead of saying “excuse me”, used to acknowledge a “wai” from an inferior.

Monarchy

The monarchy has long been the central unifying spirit in the three institutions of the country, namely, nation, religion and king. Although the monarch’s absolute power was ended in 1932, the country is now under a system of constitutional monarchy. It is not good to comment about the royal family in front of Thais. Some Thais might talk among themselves about their royal family but resent Westerners doing the same. In the presence of Royalty no-one is allowed to stand or sit in a higher position to the Royal.

Climate

Thailand has a tropical climate with a high degree of humidity. Its temperatures range from 28-36 degrees Celsius. Thailand has three seasons: Hot (March to June), Rainy (July to October) and Cool (November to February)

Population

About 60.5 million people live in Thailand, with approximately 8 million ethnic Chinese who dominate the major businesses. The average annual population growth rate is about 1.2%. The population numbers in Bangkok are about 7 million (11.5% of the total population). The literacy rate in Thailand is 80%.

Location

Thailand is located in the heart of Southeast Asia covering an area of almost 514,000 square kilometres. The neighbouring countries are Myanmar- Burma, Laos (the northeast), Cambodia (the east), and Malaysia (the south).

Workforce and Unemployment

At the present, the workforce is about 34.6 million. The unemployment rate is 2.71% of the workforce (0.94 million)

There is a need for the Thai universities to produce more engineers for the workplace. At present, the number of graduate engineers each year is about 5,000 people compared with NICs like South Korea and Taiwan that can produce 40,000 and 25,000 engineering graduates per year respectively.

Currency: Baht and Per Capita

	1992	1993	1994	1995	1996 (estimate)
Per Capita GNP (US\$)	1782	2012	2150	2733	3083.3
GDP Growth Rate %	7.4	7.5	8	8.6	8.3

13 Dec 1999; US\$ 1 = Baht 38.76

Source: Bangkok Bank Public Company Limited

Education

The education system features 5 levels: kindergarten, primary, lower secondary, upper secondary and higher education. There are many state schools spread throughout Thailand. Some private schools in Bangkok are conducted in English. A number of international cooperation programmes have been established in Thailand, especially with American universities. Joint programmes at an international level are also available, such as the Sasin Graduate Institute of Business Administration, conducted jointly between Chulalongkorn University and Northwestern and Pennsylvania Universities of USA. Also, many British universities have established research and technical co-operation links with Thai counterparts. Recently, approval has been granted for the establishment of a British University in Thailand with expertise from the Universities of Nottingham and Exeter.

Appendix F

Transaction Cost Theory (TCT)

This appendix reviews previous studies of transaction cost theory, which is recognised as a significant explanation for the existence of JV and its behaviour. First the conceptualisation of transaction cost will be discussed, followed by the examination of organisational failures framework, firms' choices: markets, organisations or hybrid, and finally, the limitations and achilles's heel of transaction cost theory.

A firm, which would like to sell its product overseas, must decide whether to produce at home and export to the foreign market or to locate its production overseas. Its first decision will be based on a comparison of delivery costs and is a function of the relative production costs of the domestic location compared with a foreign location, of transport costs and of tariff and non-tariff barriers to trade (Hennart, 1991). The second decision is whether the firm will organise its interdependence with investors in host countries through market or hierarchical means. Transaction cost theory enters with this second decision.

Transaction cost theory has been developed over the last two decades and is increasingly applied to IJVs. It is a useful tool to guide JV firms to compare and to choose organising methods efficiently so as to minimise their transaction costs. They will choose either price mechanisms, through market transaction, or hierarchy, in association with the alignment of corporate goals and performance. According to Ouchi (1980), transaction costs arise, principally, when the determination of value of

the goods and/or services is difficult. This may be due to the underlying nature of those goods and services or a lack of trust between JV firms. Williamson (1975) proposes that firms choose how to transact according to the criterion of minimising the sum of production and transaction costs. Firms may also differ in their production costs due to the scale of operations, level of skill or ownership of proprietary knowledge.

Definition

Transaction costs refer to the expenses incurred in writing and enforcing contracts, haggling over terms and contingent claims, deviating from optimal kinds of investments in order to increase dependence on a party or to stabilise a relationship and in administering a transaction (Kogut 1988; Williamson, 1975). Walsh (1988) argues that “transaction costs are the negotiating, monitoring and enforcement costs that have to be borne to allow an exchange between two parties to take place.” Robins (1987) defines transaction costs as “those costs associated with an economic exchange that varies independent of the competitive market price of the goods or services exchange.”

Organisational failures framework

Organisational failures framework leads firms conducting businesses abroad to realise the need to understand and implement effective governance mechanisms (either market or hierarchy). For example, firms should consider whether they should have wholly-owned subsidiaries (hierarchy mode), contractual agreements with local

agents (market mode) or establish joint venture (hybrid mode) to minimise their transaction costs.

Williamson has looked at organisational failures framework. This occurs when the transaction costs of undertaking an exchange through the market outweigh the bureaucratic costs of managing an exchange within a hierarchy (Jones and Hill, 1988; Williamson, 1985), resulting in market failure. He listed the six main factors which create transaction difficulties (Walsh, 1988). These factors explain the need for organisational hierarchy. These factors include bounded rationality, uncertainty, information impactedness or asymmetry, a small number of agents/amount of bargaining, opportunism and asset specificity.

Bounded rationality refers to human behaviour that is “intendedly rational but only limitedly so” (Simon, 1961). Williamson (1975) identifies two limits on rationality: neurophysiological and language. Neurophysiological limits are the physical limits of the human brain to receive, store, process and manipulate information. Simon (1957) observes, in this connection, that “it is only because individual human beings are limited in knowledge, foresight, skill and time that organisations are useful instruments for the achievement of human purpose.”

Language limits, on the other hand, are the difficulties of individuals to effectively express their knowledge or feeling in words, numbers or graphics to make others understand. Conducting joint business under (contingent claims) contract, firms/individuals are faced with ex ante costs:- the cost of writing/drafting the

contract, the cost of negotiation and the cost of failure to foresee contingencies. At contract execution stage, firms/individuals will also encounter ex post costs such as the cost of renegotiation (contract) and the cost of enforcing the contract (Kreps 1990; Williamson 1975; Jones and Hill 1988). In the case of IJVs, there is the added limitation of communication in two or more languages with all its potential for misinterpretation. It will be costly for individuals to contemplate, specify, foresee and contract for every contingency that might happen during the lifetime of the contracts. Also, because complexity and uncertainty influences environmental changes in unpredictable ways (e.g. high price fluctuation), the bounded rationality of individuals makes it impossible to specify such a complete contract. Nevertheless, it is suggested that frequent interaction, long time horizons and high behavioural transparency could lessen this uncertainty (Parkhe, 1993).

In the situation where outcomes are highly uncertain, contract and monitoring problems will arise and unless a suitable commitment can be devised, internal organisation will be the most appropriate response (Akerlof 1970; Williamson 1985).

If ex ante (e.g. measurement costs) and ex post costs (e.g. enforcement costs) are too high, firms are likely to conduct businesses internally under directives of legitimate authority representing firms' owners. For example, because of arms-length transaction costs, MNCs may prefer to use hierarchy as a mode of control by vertically integrating their businesses (e.g. having wholly-owned subsidiaries instead of licensing).

Williamson (1988) refers to information impactedness as “a condition of information asymmetry where one of the parties is better informed than the other and it is not possible to achieve information parity between them or to appraise a third party, except at significant cost.” Information asymmetry is another crucial factor influencing firms conducting market transactions. It can limit the efficiency of negotiated solutions to competitive market failure (Miller, 1995). As an example, if a buyer cannot distinguish *ex ante* between good and bad quality, such as in the second-hand car market, he will tend to reduce his offer price to reflect high risk. Thus, the seller who possesses a high-quality car will disappear from the market. The second-hand car market, will then be dominated with increasingly poor quality cars, resulting in market failure (Akerlof, 1970). The problem of uncleared information in this example might be overcome if buyers call for experts (e.g. mechanics) to estimate the value of used cars. The cost of finding a trustworthy mechanic and paying for his services is a cost of transacting that manifests the inefficiency caused by the information asymmetry (Miller, 1995). On the other hand, the car sellers can offer a free insurance to buyers for a certain period (let says 6 months) to guarantee against the poor quality of cars. Quality and information would be improved but, on the downside, this would lead to sellers facing increased costs, which in turn would lead to increased prices.

In ‘sequential spot contracting’, the exchange relationships in goods and services are unique and the suppliers (e.g. licensees, agents) possess specialised knowledge of how to supply the customer best and most efficiently. Suppliers acquire this knowledge over time and in doing so gain first-mover advantages (Williamson, 1975), which

enable them to bid more effectively on subsequent contracts than any potential competitor can. Therefore, potential competitors will not waste their time bidding.

This brings a situation of 'a small number of agents/amount of bargaining' where only a few or even only one buyer and seller exist (Williamson 1975; Ouchi 1980). In small number conditions, the cost of switching partners will be high and one party can be held to ransom by another (Klein et al., 1978). This small numbers exchange relationship is included as a key characteristic of asset specificity (Englander, 1988). Under this condition, competitive pressure will disappear, leading the small number of suppliers who behave opportunistically to claim higher costs and provide poor quality of work. According to Goffman (1969), opportunistic behaviour involves making "false or empty, that is, self-disbelieved, threats and promises" in the expectation that individual advantage will thereby be realised. This highly opportunistic behaviour could lead firms to experience diminishing performance levels (Coase, 1937). In the context of licensing, when behaviour or output constraint is difficult to control, licensees may behave opportunistically (a free ride), thus resulting in licensors losing their firm-specific advantage in technology, know-how and reputation to rivals.

In order to maintain the exchange relationships, suppliers and sellers will experience substantial expense in buying information and proving the costs or performance of one another. If these information and transaction costs are too high, the market will fail and influence sellers/producers to switch to a superior mode of allocation, such as the one Williamson (1975) calls "hierarchy" or "internal organisation." Beamish and Banks' (1987) statement also supports Williamson's. They argue that because

transaction costs must be borne as a result of conducting business in imperfect markets, it will be more efficient for firms to use internal structures rather than market intermediaries to serve a foreign market. Maitland et al. (1985) also suggest that internal organisation may be an efficient way for parties to exchange because “it is based on a strictly economic calculus of the returns to themselves and not according to some standard of fairness”. Ouchi (1980) predicted that internal organisation would be found to be associated with performance ambiguity. Williamson (1975), on the other hand, stated that internal organisation is only of secondary importance and then suggested that it is job idiosyncrasy - that is “significant job-specific skills and related task or specific knowledge” - that effectively explains internal organisation.

Asset specificity refers to assets (e.g. site/location, physical, or human) which are specialised to a specific transaction and can be used only at lower value in alternative applications (Chiles and McMackin, 1996). It is the third type, human asset specificity, in which Williamson (1982) holds particular interest: “additional transaction specific savings can accrue at the interface between suppliers and buyers, as contracts are successively adapted to unfolding events and as periodic contract-renewal agreements are reached.” According to Heide and John (1992), they are assets dedicated to a particular relationship and involve sunk costs that would be non-recoverable in the event of termination.

Granovetter’s (1985) idea described social networks and interpersonal relationships, between parties to an exchange, as mechanisms for attenuating opportunism. Axelrod’s experiment (1984) involves the elimination of poorly performing

competitors by an evolutionary selection mechanism. Hill (1990) developed these theories to consider the co-operative and trusting relationship of partnering firms. His assumptions differ from Williamson's (1985) who assumes that "if asset specificity is high, the risk of opportunism is often great enough to warrant replacing the market with a hierarchy." He points out that even though large numbers of bargaining partners exist, natural selection and recurrent contracts will result in only effective actors surviving. This can lead to a small number bargaining situation. As a result, in the long run "the invisible hand of the market will delete opportunistic actors even when the focal exchange is characterised by substantial asset-specific investments and high switching costs, even when the focal market is not competitive." Furthermore, Williamson suggests that vertical integration of (JV) firms has proved to be an imperfect solution to the problem of structuring exchanges involving transaction specific assets. Hill (1990), on the other hand, underlines three conditions in which organisations can achieve a durable advantage over such highly sophisticated markets: in highly uncertain outcomes of transaction; when reputations are hard to establish; and when the short-term gains from entrepreneurialism are large.

In the long run, firms behaving opportunistically towards a supplier might find their ability to compete in the end market limited by higher costs, which are the direct result of a lack of co-operation with their suppliers. As an example, in the automobile industry, auto part suppliers are often required to make transaction specific investments (assets) so as to serve individual auto companies. Williamson (1985) defined opportunism as "self-interest seeking with guile." Klein et al. (1978) argues that this transaction-specific investment creates a significant "hold-up" potential,

which could be exploited opportunistically unless appropriate safeguards are designed. Additionally, transaction-specific investment incurs high switching costs leading to suppliers' high exit barriers. This results in suppliers' being vulnerable to incurring opportunism from the large auto manufacturers, e.g. Chrysler compelled its parts suppliers to cut their prices by 2.5 percent, ignoring pricing contracts as well as weeding out suppliers who did not obey. In contrast, the Japanese auto manufacturers who have implemented just-in-time inventory systems recognised and nurtured co-operative long-term relationships with their parts suppliers. Consequently, their cost saving on parts, materials and service is more effective than U.S. competitors, leading them to success (Hill, 1990). Afterwards, Hill (1990) showed that the ratio of opportunistic behaviour to co-operation and trust in the auto industry is declining through the imitation of successful behavioural repertoires e.g. those of the Japanese. As this ratio declines, so does the need for safeguard contracts to check opportunism. From an evolutionary perspective, this suggests that, over time, co-operation and trust, rather than opportunism will dominate throughout firms' exchange activities. Thus, in the state of competitive equilibrium, one might not be able to observe opportunism.

Abnormally high transaction costs arise because market agents try to take advantage of the company's lack of complete knowledge and inability to specify all possible future transaction contingencies (Beamish and Banks, 1987). Joint ventures seem to be very attractive for companies, as revenue-enhancing and cost-reducing opportunities. However, according to internalisation theory, companies should avoid entering joint venture, since it is inferior to wholly-owned subsidiaries, which allow companies to maximise the return available on its ownership-specific advantage

(Killing, 1983; Harrigan, 1985). Beamish and Banks (1987) suggest that JVs which conform to certain conditions and structural arrangements, as set out below, can actually provide a better solution to the problems of opportunism, small numbers dilemma and uncertainty in the face of bounded rationality than wholly-owned subsidiaries. In order to justify the utilisation of international JVs within the internalisation framework, Beamish and Banks (1987) define two essential conditions:- the firm possesses a rent-yielding asset and the joint-venture arrangements are superior to other means for appropriating rents from the sale of this asset in the foreign market (Teece, 1985).

Although, high transaction costs are involved and restrictions are applied to the transfer of the MNE's intangible assets, these will be more than offset by the enhanced revenue potential of its assets as a result of entering the JV. Beamish and Banks (1987) also suggest that in situations where a joint venture is established in a spirit of mutual trust and commitment to its long-term commercial success, opportunistic behaviour is unlikely to emerge. In addition, the cumulative effects of their past behaviours may help build a reputation that influences their interaction, thus attenuating fear of opportunism and modifying their behaviour (Kreps, 1990).

Furthermore, supporting inter-organisational linkages of MNEs, such as mechanisms for the division of profits, joint decision-making processes and reward and control systems, can reduce self-seeking pre-emptive behaviour (Williamson, 1983). In the absence of local partner opportunism, this small numbers situation could result in much less serious transactional difficulties than normally might be expected. The

problem of uncertainty can also be handled efficiently within some international joint ventures. By pooling and sharing information through the mechanism of a joint venture, the MNE can reduce uncertainty at a lower long-term average cost than through purely hierarchical or market approaches. Although bounded rationality continues to be a problem, a purely hierarchical mode of transacting would not represent this problem alone.

It can be seen that JVs can be used as a device to bypass an inefficient market for intermediate inputs. Intermediate inputs, sold in imperfect markets, are likely to include raw materials and components, knowledge, loan capital and distribution services. The issues of knowledge and distribution can be explained in more detail. Firstly, knowledge is costly to exchange because of buyer uncertainty. The buyer of knowledge cannot be told, prior to the sale, the exact characteristics of what he is buying. Some types of knowledge are quite difficult to put on paper, such as the intimate knowledge of local customs, markets, politics and people which comes from having lived in a specific country. This type of knowledge has been called tacit knowledge which cannot be embodied in designs, specifications and drawings, but instead, is embedded in the individual possessing it. When knowledge is tacit, it cannot be transferred in codified form. Its exchange must rely on intimate human contact. Because it is tacit, it is never licensed, but is transferred through JVs between the majors and entrants into the industry (Hennart, 1988; Stuckey, 1983). Therefore, JVs are likely to be a good choice for companies to communicate both tacit knowledge and patent rights whilst these are rarely done by others (e.g. licensors) (Killing, 1980; Hennart, 1988).

Distribution is another important issue to be discussed. The distribution of a product needs both an investment in knowledge and physical facilities, e.g. warehouses, stocks of finished products and components, repair facilities, offices or retail stores. Distributors need to establish a reputation through advertising or direct selling, adapt products to local taste and learn to demonstrate and service/repair them. Accordingly, distribution involves set-up costs, which vary from small to substantial, depending on the type of products sold. Joint venture might be a good choice for companies to reduce these costs and gain quick knowledge of distributing the product. Kogut and Singh's (1985) database shows that 42% of the JVs entered by foreigners in the U.S. between 1971 and 1983 are for marketing and distribution, whilst Jacque (1986) found that close to 60% of U.S. joint ventures in Japan were of that type.

Nevertheless, some limits to the relative efficiency gains provided by joint ventures must be considered. Firstly, the MNE can become biased toward the maintenance of its initial arrangements with the joint-venture partner, without considering the long-term profit or cost implications. Secondly, there is the risk of leakage of proprietary knowledge which can happen in one of two main routes: a local employee may resign and use knowledge acquired in the JV to establish a competing company or the local partner may decide to dissolve the arrangement and use the knowledge gained through JV as a basis for continuing to serve the local market through his own organisation.

As clearly seen, the first type of leakage is hard to prevent but the second is easier to control because pirating MNE's existing technology will mean that the local partner loses access to export markets, ongoing technological developments, trademarks,

marketing skills and possibly specialised raw materials and loss of reputation if word gets round about this action.

Moreover, some problems might arise whilst companies are sharing the trademark. A company's image and reputation is a public good whose quality may not be evaluated before its purchase and buyers will be willing to pay a premium for trademarked goods and services. However, a distributor (a joint venture partner) may have strong incentives to free ride on that reputation by debasing the quality (e.g. selling stale merchandise) of the products bearing the trademark. In that case, a free rider will only shoulder a small fraction of the costs, while appropriating the full benefits of debasement (Hennart, 1988; Caves, 1982).

Firms' choices: markets, organisations (e.g. bureaucratic hierarchies and hierarchical clans), or hybrid

Hierarchy and the price system are two distinct methods for organising transactions, each with particular costs and benefits. Markets and firms/organisations are institutions which use one or both of these methods (Hennart, 1993). In hierarchy, individuals will be directly controlled by imposing behaviour constraints and information will be centralised, whilst in markets, outputs are indirectly measured by price mechanisms and information is decentralised.

Looking at "organisation", (JV) firms might be able to avoid market transaction costs: information costs (the cost associated with an estimation of the true value of goods and services), cheating costs (the cost of measuring output and the losses due to fraud

when measurement is imperfect), enforcement costs (ex post) and bargaining costs (ex ante). However, instead they face internal organisation costs. Management costs/hierarchical costs, information costs (e.g. the agency problems concerning information asymmetry between owners and managers) and shirking costs (the sum of the cost constraining behaviour and the residual amount of shirking due to behaviour constraints) also arise in bureaucratic mechanisms. In addition, measurement costs and contract safeguard costs will arise whenever (JV) firms enter contractual agreements. Accordingly, the offsetting costs from both methods may be a significant indicator for (JV) firms to efficiently implement/choose modes of governance structure. In market relationships, the price system experiences low shirking but high cheating costs, whilst organisational hierarchy faces low cheating but high shirking costs (Hennart, 1993).

Ouchi (1980) stated that transaction costs can be a solution to the problems (e.g. control and evaluation) of co-operation between (JV) firms in the realm of economic activity. In his view, the fundamental problems of co-operation in IJVs, derive from the fact that IJV firms/individuals have only partially overlapping goals/objectives. Williamson (1983), on the other hand, comments that parties co-operate, or abstain from co-operating, based purely on a calculation of the expected returns to themselves. Nevertheless, in order for JV firms to achieve high performance, e.g. cost minimisation or profit maximisation, the diverse interests in corporate goals need to be efficiently and effectively controlled. Simon (1945) suggested that it is impossible for (IJV) firms to achieve a completely co-operative effort. Therefore, JV firms need

to carefully pay tribute to their efficiency to minimise transaction costs (Williamson 1975; Ouchi 1980).

Ouchi (1980) also contends that the transactions cost approach may help (JV) firms to clarify the conditions, such as goal incongruence and performance ambiguity, which give rise to the costs of mediating/controlling exchanges between firms or individuals. Three governance (mediation/control) mechanisms arise as a result of a different combination of those conditions: markets, bureaucracies, and clans (Ouchi 1993). Markets is an efficient mode when performance ambiguity and goal congruence is low. Bureaucracies are the preferable mode for IJV firms when both goal incongruence and performance ambiguity are moderately high. As bureaucratic mechanisms fail due to tasks becoming highly unique, completely iterated or ambiguous for other reasons, 'Clan' mechanisms will become a more efficient mode for IJV firms, especially when goal incongruence is low and performance ambiguity is high.

The fundamental control problems in market transaction are the (JV) firms' abilities to measure and reward each employee's contribution. In bureaucratic transactions, (JV) firms rely more on a close evaluation with a socialised acceptance of common objectives. Clans rely on a complete socialisation process which effectively eliminates goal incongruence between each employee (Ouchi, 1979).

Under certain conditions, markets will be an efficient mode because they can mediate without paying the costs of managers, accountants or personnel departments. Market

transactions (the sum of information, enforcement and bargaining costs) take place between two joint firms and are mediated by price mechanisms/incentives (e.g. reward, piecework, price scheme, or commission). For example, in market transactions, purchasing agents (buyers) simply put each item out for competitive bids and permit the competitive process to define a fair price. On the other hand, if purchasing agents ignore market information and rely instead on their own internal evaluation of the particulars of each bid, they might experience a significant cost disadvantage because of greater administrative overheads incurred. In a perfect market, price will represent the true value of goods and services where buyers need no further information. Then, JV firms can easily reward their employees/agents (representatives who distribute the products) in direct proportion to their contributions/outputs. In other words, employees/agents who produces low outputs are paid low wages, on the basis of fairness.

Another example is the use of 'reps' - called manufacturer representatives in the market mechanism. 'Reps' are independent contractors who pay their own sales expenses and are paid commission on the sales they make. As the use of 'reps' frees manufacturers from having to direct and monitor the behaviour of salesforces (Anderson, 1985), therefore, they are able to reduce shirking costs, but switch to experience higher cheating costs. Salespeople are only interested in maximising their own income and minimising some aspects of their performance (e.g. product demonstration, instruction and after-sales service). These are the aspects which demand a great deal of time and effort but are difficult to observe and control (Hennart, 1993). They are also likely to sell products to smaller, regular accounts

instead of new ones, thus limiting the market (Anderson and Oliver, 1987). Accordingly, using 'reps' will be efficient when simple measures of output (e.g. sales volume) are adequate indices of selling performance and whilst selling behaviour is a poor guide to performance.

Hennart (1991) points out that "market transaction costs would be zero, if knowledge were perfect and individuals perfectly honest." However, in practice, it is quite difficult to have such a perfect market, so information problems will arise. Also, if the items purchased are unique (asset specificity), buyers will face problems of opportunism due to the small numbers of potential sellers/manufactures existing (natural selection). As a result, firms might need some form of control, through a process of bureaucratic surveillance, so as to minimise their transaction costs. In the contingent claims contract, the bounded rationality of each employee/agent (representing manufacturers) makes it impossible to specify such a contract completely.

The lack of equitable rewards will influence employees in IJV firms to adjust their efforts in such a manner that all will be somewhat worse off (Simon, 1957). The normative requirement of the market is a norm of reciprocity. Gouldner (1961) refers to norms of reciprocity as "one of only two social agreements that have been found to be universal among societies across time and cultures." Without such norms, trading firms need to exert a great deal of effort in setting the contractual terms of exchange in advance (ex ante) and in auditing the performance of the other party afterwards (ex

post), thus resulting in high transaction costs. Therefore, a norm of reciprocity underlines all exchange mechanisms.

Organisation exists because it can mediate economic transactions between its members at lower costs than a market mechanism can (Williamson, 1975). In contrast, Conner and Prahalad (1996) argue that firm organisation can exist because knowledge-based transaction costs are independent of the opportunistic considerations explored by Williamson. Blau and Scott (1962) define a formal organisation as “a purposive aggregation of individuals who exert concerted effort toward a common and explicitly recognised goal”. Simon (1945) argues that individuals within organisations always have a different understanding of goals.

Organisations can achieve effective employee control through either going to the expense of searching and selecting people who fit its need or taking people who do not fit its needs and going to the expense of putting in place a managerial system to train, monitor and evaluate them. Then, rewarding them on the basis of behaviour (inputs) (Hennart 1993; Ouchi 1979). However, less competent employers, with limited knowledge, will have to devote more resources to learning what employees must do and to monitoring, than more competent employers. Therefore, one would expect greater use of price methods when management incurs high costs in gathering information on workers’ production and in monitoring their behaviour than when management can perform these tasks cheaply.

In a bureaucratic organisation, individuals contribute labour to a corporate body which mediates the relationship by placing a value on each person's contributions fairly and then compensating him (Ouchi, 1980). A bureaucratic organisation basically operates under a system of hierarchical surveillance, evaluation and direction. Moreover, 'fiat' as one of the distinguishing features of hierarchies, empowered by unified ownership (Williamson, 1992), will be an enormously efficient way to resolve any disputes over mutual obligations of JV firms, rather than by costly bargaining (Williamson, 1975). Its advantages over market relationship are as follows:

Firstly, it uses the employment relationship which is an incomplete contract. Employees (e.g. workers, salespeople) agree to receive wages in exchange for allowing superior officers to direct their work activities and monitor their work performance (within some domain or zone of indifference), thus reducing the opportunism. Simon (1957) agrees and further states that employers pay workers a premium price, which compensates them for performing duties which are significantly more distasteful to them than those which are implied in the employment contract.

Secondly, it reduces the selfish interest of individuals and creates an atmosphere of trust between employees because they learn that long-term relationships will reward good performance and punish poor performance. As a result, firms will achieve high goal congruence and performance. In other words, it reduces opportunism and the need to monitor their performance. In contrast to market relationship, employment of salaried salespeople can involve high shirking costs because there is no relationships between behaviour and outcome. In other words, salespeople have no incentive to sell

- large quantities because no matter how much they can sell, they still receive the same salary.

In contrast to market mechanisms where an informal requirement is prices, bureaucratic mechanisms informally require 'rule' (e.g., budget, or cost standard). In any case, 'rules' differ from prices in the sense that they are partial rather than complete bundles of information (Ouchi, 1979). The information necessary for employees to complete their task is also contained in 'rules' concerning processes to be completed or standards of output or quality.

'Clan' (type Z organisation) can be an effective form of control, as it minimises risk premium (in employment, the relationship between employers and employees), goal incongruence and can tolerate high levels of performance ambiguity. Because the 'clan' system lacks the explicit price mechanism of the market and the explicit rules of bureaucracy, therefore, it relies on a deep level of common agreement between members on what constitutes proper behaviour (Ouchi, 1979). According to Kanter (1972), 'clan' displays a high degree of discipline which could not be achieved through contractualism or surveillance but rather is an extreme form of belief. In contrast, the 'clan' information system will be infeasible as a central mechanism of control, in modern organisations, in the situation of heterogeneity or high turnover of employees (Ouchi, 1979).

'Clans' have normative requirements of common values and beliefs, added from bureaucracies underlined by a norm of legitimate authority. Whereas legitimate

authority in a bureaucracy normally takes the 'rational/legal' form, 'clans' tend to take the 'traditional' form (Blau and Scott, 1962). However, 'clans' are also likely to fail in situations of increasing high performance ambiguity and goal incongruence.

A distinct example of industrial 'clans' can be found in Japanese firms. Both the governmental and the private organisations of the Japanese, will rely on common socialisation into the values and beliefs of a homogenous culture. Japanese firms are likely to hire employees on a lifetime basis. The Japanese experience stable or long-term employment. They also tend to hire inexperienced recruits (e.g. new graduate students), socialise them intensively to accept the company views and goals as their own, and then compensate them based on seniority, number of dependents and other non-performance criteria (Wilkins and Ouchi, 1983). These processes, therefore, encourage employees to high internal commitment, thus reducing the need for explicit supervision, co-ordination and evaluation (Ouchi and Price, 1993). Subsequently, they can avoid many costly forms of auditing and surveillance (Ouchi, 1979).

In reality, under limited conditions, due to the high transaction/organising costs of using either pure market or hierarchy mechanisms, (JV) firms will tend to employ 'hybrid' modes of control: combining price and behaviour constraints (e.g. long term contracting, joint venture, alliances, complicated corporate structures, franchising, reciprocal trading, regulation, etc). Market transfer of knowledge, through licensing, is often accompanied by various restrictions on the behaviour of the technology buyer. These curtail his rights to export the product manufactured under license (Caves et al., 1983). In the same way, employment relationships which consist of directive

behaviour sometimes use prices to indirectly control some aspects of that behaviour (Hennart, 1993). Piece work schemes, bonus, reward and commission paid to employees (e.g. workers, salesforces) in addition to fixed salary when using both organising methods. Diminishing returns are an example of the result of this type of arrangement. Also, contracts signed by manufacturers with their overseas reps may stipulate minimum input requirements, covering the amount of travelling, advertising and showing; limit the amount of stock to be held by the rep; require reps to employ engineers or salesmen with technical knowledge of the manufacturer's products; and give the manufacturer the right to refuse orders, to monitor stocks and to inspect the sales records (Nicholas, 1983). Other requirements may include inside contracting and profit centres (allowing sub-unit managers free autonomy to maximise their profits using transfer pricing, but controlling them in the quantity of inputs and outputs).

Additionally, some organisations in the public sector, in service industries and in fast-growing technologies, may not fit the requirement for either behaviour control or output control. Therefore, a hybrid mode of control might be preferable.

The limitations and Achilles' heel of transaction cost theory

Williamson (1975) who is the most influential, and who adheres solidly to TCT, has been highly credited for his valuable contributions. However, he is not without his critics, especially regarding his adoption of the behavioural assumption of opportunistically inclined parties. In contrast to Williamson's viewpoint, Madhok (1996) claims that the reasons for market failure are not related to opportunism and

explains that firms shift their governance decisions from the “market failure because of opportunism” to the “failure (or success) of firms because of bounded rationality”. He also notes that “the notion of the firm as a bundle of transactions or contracts is an inadequate and shallow basis for a theory of the firm since it basically ignores the essential notion of the firm as a bundle of knowledge, and the underlying processes therein”. He then suggests that organisational, capability-based logic can provide an alternative and complementary explanation to TCT for understanding boundary and governance decisions. Similarly, Conner and Prahalad (1996) argue that “frictions between economic actors can occur without opportunism, because of inevitable, irreducible differences in their knowledge.”

Moran and Ghoshal (1996) note that effective organisations seem to replace hierarchy with institutional forms of governance that foster a framework of attitudes which move people away from opportunism and closer towards attitudes that encourage the confidence necessary for effective collaboration between its members (North, 1990). In contrast to Williamson (1975), who views opportunism both in the sense of an attitude and in the sense of a behaviour, Ghoshal and Moran (1996) infer that opportunism (i.e. the attitude) is considered to be a fixed trait, unaffected by context, and is independent from the effect on opportunistic behaviour (i.e. ‘behavioural manifestation’).

Bibliography

- Aaker, D.A. (1992) *Developing Business Strategies*, New York, John Wiley & Sons Inc.
- Achrol, Ravi, Torger Reve, and Louis Stern (1983) "The environment of marketing channel dyads: A framework for comparative analysis." *Journal of Marketing*, 47, Fall, pp. 55-67
- Agarwal, Jamuna P. (1980) "Determinants of foreign direct investment: A survey." *Weltwirtschaftliches Archiv* Bd. CXVI, pp. 739-773
- Agarwal, Sanjeev and Sridhar N. Ramaswami (1992) "Choice of foreign market entry modes: Impact of ownership, location, and internalization factors." *Journal of International Business Studies*, 23(1), pp. 1-27
- Aggarwal, Raj and Tamir Agmon (1990) "The international success of developing country firms: Role of government-directed comparative advantage." *Management International Review*, pp. 163-180
- Ajiferuke, M. and J. Boddewyn (1970) "Culture and other explanatory variables in comparative management studies." *Academy of Management Journal*, 42, June, pp. 153-63
- Akerlof, G.A. (1970) "The markets for lemons: Qualitative uncertainty and the market mechanism." *Quarterly Journal of Economics*, 84, August, pp. 488-500
- Albert, S. (1992) "The algebra of change." *Research in Organizational Behavior*, 14, pp. 179-229
- Aley, James (1996) "The theory that made Microsoft." *Fortune*, 29, April, pp. 23-28
- Allport, F. (1955) *Theories of Perception and the Concept of Structure*, New York: Wiley
- Alper, Steve, Dean Tjosvold and Kenneth S. Law (2000) "Conflict management, efficacy and performance in organizational teams." *Personnel Psychology*, Autumn, 53(3), pp. 625-642
- Anderson, E. (1985) "The salesperson as outside agent or employee: A transaction cost analysis." *Marketing Science*, 4, pp. 234-254
- Anderson, E. (1990) "Two Firms, One Frontier: On Assessing Joint Venture Performance." *Sloan Management Review*, Winter, pp. 19-30
- Anderson, E. and B. Weitz (1989) "Determinants of continuity in conventional industrial channel dyads." *Marketing Science*, 8(4), pp. 310-323
- Anderson, E. and R. Oliver (1987) "Perspectives on behavior-based versus outcome-based salesforce control systems, *Journal of Marketing*, October, 51, pp. 76-88
- Anderson, James C. and James A. Narus (1990) "A model of distributor firm and manufacturer firm working partnership." *Journal of Marketing*, 54(1), pp. 42-58
- Antal, Ariane Berthoin, Meinolf Dierkes and Lutz Marz (1999) "Organizational learning in China, Germany and Israel." *Journal of General Management*, 25(1), Autumn
- Anuroj, Bonggot (1995) "Japanese investment in Thailand: The nature and extent of backward linkages." Ph.D. thesis, School of Economics, University of New South Wales
- Argyres, Nicholas and Julia Porter Liebeskind (1999) "Contractual commitments, bargaining power, and governance inseparability: Incorporating history into transaction cost theory." *The Academy of Management Review*, Mississippi State, January, 24(1), pp. 49-63

- Arthur, W. Brian (1996) "Increasing returns and the new world of business." *Harvard Business Review*, July-August, pp. 100-109
- Aulakh, Preet S., Masaaki Kotabe, and Arvind Sahay (1996) "Trust and performance in cross-border marketing partnerships: A behavioral approach." *Journal of International Business Studies*, Special issue, pp. 1005-1032
- Axelrod, R. (1984) *The Evolution of Cooperation*, New York: Basic Books
- Bacharach, S. B. and J.L. Lawler (1984) *Bargaining: Power, Tactics, and Outcomes*, San Francisco: Jossey-Bass
- Bacharach, Samuel B. and Edward J. Lawler (1981) *Bargaining power, tactics, and outcomes*, San Francisco, CA: Jossey Bass
- Bakhtari, Hassan (1995) "Cultural Effects on Management Style." *International Studies of Management & Organization*, **25**, pp. 97-102
- Baliga, B. R. and Alfred M. Jaeger (1984) "Multinational corporations: Control systems and delegation issues." *Journal of International Business Studies*, Fall, 25-40
- Barkema, H. G., John H. J. Bell and Johannes M. Pennings (1996) "Foreign Entry, Cultural Barriers, and Learning." *Strategic Management Journal*, **17**, pp. 151-166
- Barkema, Harry G. and Freek Vermeulen (1997) "What differences in the cultural backgrounds of partners are detrimental for international joint ventures." *Journal of International Business Studies*, London, Fourth Quarter
- Barney, Jay B. and Mark H. Hansen (1994) "Trustworthiness as a source of competitive advantage." *Strategic Management Journal*, **15**, pp. 175-190
- Bazerman, M.H. and J. Carroll (1987) "Negotiator cognition." In Staw, B. and L.L. Cummings (Eds.), *Research in Organizational Behavior*, Greenwich, CT: JAI Press, **9**, pp. 247-288
- Beamish, P. W. (1985) "The Characteristics of Joint Ventures in Developed and Developing Countries." *Columbia Journal of World Business*, Fall, pp. 13-19
- Beamish, P. W. (1994) "Joint Ventures in LDCs: Partner Selection and Performance." *Management International Review*, **2**, pp. 60-74
- Beamish, P. W. and A. C. Inkpen (1995) "Keeping International Joint Ventures Stable and Profitable." *Long Range Planning*, **28**, pp. 26-35
- Beamish, P. W. and J. C. Banks (1987) "Equity Joint Ventures and The Theory of The Multinational Enterprise." *Journal of International Business Studies*, Summer, pp. 1-16
- Beamish, Paul W. (1988) *Multinational Joint Ventures in Developing Countries*, London: Routledge
- Beamish, Paul W. (1993) "The characteristics of joint ventures in the People's Republic of China." *Journal of International Marketing*, **1**, pp. 29-48
- Beamish, Paul W., C. Patrick Woodcock, and Shige Makino (1994) "Ownership-based entry mode strategies and international performance." *Journal of International Business Studies*, Second Quarter, pp. 253-273
- Beamish, Paul, Detlev Nitsch, and Shige Makino (1996) "Entry mode and performance of Japanese FDI in Western Europe." *Management International Review*, **36**, pp. 27-43
- Bishop, Matthew, John Kay, and Colin Mayer (1995) *The Regulatory Challenge*, Oxford University Press
- Blake, R. R. and J. S. Mouton (1964) *The managerial grid*, Houston, TX: Gulf
- Blau, P.M. (1964) *Exchange and Power in Social Life*, New York: Wiley
- Blau, P.M. and R.W. Scott (1962) *Formal Organizations*, San Francisco: Chandler

- Bleeke, Joel and David Ernst (1993) *Collaborating to Compete: Using Strategic Alliances and Acquisitions in the Global Marketplace*, John Wiley & Sons, Inc.
- Blodgett, L. L. (1992) "Research Notes and Communications Factors in The Instability of International Joint Ventures: An Event History Analysis." *Strategic Management Journal*, **13**, pp. 475-481
- Board of Investment (1994) *Directory of Potential Small and Medium Industries for Joint Venture Partners in Thailand*, October
- Board of Investment (1996) *A Guide to Board of Investment*, May
- Board of Investment (BOI) (1993) *Thailand Investment: 1992-1993*, Cosmic Publication, BKK, Thailand
- Bouma, Gary D. and G. B. J. Atkinson (1995) *A Handbook of Social Science Research: A Comprehensive and Practical Guide for Students*, Second edition, Oxford University Press
- Boyle, B. and F.R. Dwyer (1995) "Power, bureaucracy, influence, and performance: Their relationships in industrial distribution channels." *Journal of Business Research*, **32**, pp. 189-200
- Boyle, S.E. (1968) "Estimate of the number and size distribution of domestic joint subsidiaries." *Antitrust Law and Economics Review*, **1**, pp. 81-92
- Brannen, Mary Yoko and Jane E. Salk (2000) "Partnering across borders: Negotiating organizational culture in a German-Japanese joint venture." *Human Relations*, **53**(4), April, pp. 451-487
- Brehmer, B. H. Azuma, K.R. Hammond, L. Kostron, and D. Varonos (1970) "A cross-national comparison of cognitive conflict." *Journal of Cross Cultural Psychology*, **1**, Spring, pp. 5-20
- Breyer, Stephen (1982) *Regulation and Its reform*, Harvard University Press
- Brian, Leavy (1994) "The craft of case-based qualitative research." *Irish Business and Administrative Research*, Dublin
- Brouthers, Keith D. and Gary J. Bamossy (1997). The role of key stakeholders in international joint venture negotiations: Case studies from Eastern Europe, *Journal of International Business Studies*, Second Quarter, 285-308.
- Brown, Andrew D. and Ken Starkey (2000) "Organizational identity and learning: A psychodynamic perspective." *The Academy of Management Review*, **25**(1), January, pp. 102-120
- Butler, John K. (1999) "Trust expectations, information sharing, climate of trust, and negotiation effectiveness and efficiency." *Group & organization Management*, Thousand Oaks, June
- Cadotte, E.R. and L. Stern (1979) "A process model of interorganizational relations in marketing channels." In Sheth, Jagdish, editor, *Research in Marketing*, **2**, pp. 127-158
- Calvet, A.L. (1981) "A synthesis of foreign direct investment theories and theories of the multinational firm." *Journal of International Business Studies*, pp. 43-59
- Campbell, Donald T. (1955) "The informant in quantitative research." *American Journal of Sociology*, **60**, pp. 339-342
- Caves, R. (1982) *Multinational Enterprise and Economic Analysis*, Cambridge University Press, New York
- Caves, R., H. Crookell and J. Killing (1983) "The imperfect market for technology licenses." *Oxford Bulletin of Economics and Statistics*, pp. 223-248

- Chen, Chao C., Xiao-Ping Chen, and James R. Meindl (1998) "How can cooperation be fostered? The cultural effects of individualism-collectivism." *The Academy of Management Review*, Mississippi State, April
- Chen, GOH Bee (1996) *Negotiating with the Chinese*, Dartmouth Publishing Company
- Chen, Haiyang, Michakel Y. Hu, and Joseph C. P. Shieh (1991) "The wealth effect of international joint ventures: The case of U.S. investment in China." *Financial Management*, Winter, pp. 31-41
- Chen, M (1995) "Overseas Chinese family businesses : A case study." East Asian Executive Reports, 8, pp. 21-27
- Chen, Min (1995) "Asian management systems-Chinese, Japanese and Korean styles of business." Thomson Business Press.
- Chen, Min (1995). "Overseas Chinese family businesses: A case study of a Chinese family business in Thailand." East Asian Executive Reports, November 15, pp. 8, 21-27.
- Chetty, Sylvie (1996) "The case study method for research in small-and medium-sized firms." *International Small Business Journal*, London, Oct-Dec.
- Child, John, Yanni Yan, and Yuan Lu (1996) "Ownership and control in sino-foreign joint ventures." Working Paper, pp. 1-35
- Chiles, Todd H. and John F. McMackin (1996) "Integrating variable risk preference, trust, and transaction cost economics." *Academy of Management Review*, 21(1), pp. 73-99
- Choi, Chong Ju (1994) "Contract enforcement across cultures." *Organization Studies*, 15, pp. 673-682
- Choi, Chong Ju (1995) "Samsung: Re-engineering Korean style." *Long Range Planning*, 28(4), pp. 74-80
- Choi, Chong Ju (1995) "The strategy of grouping and reputation linkage in clubs and multi-product firms." *European Journal of Political Economy*, 11, pp. 521-533
- Choi, Chong Ju (1997) "Trust, identity and indices in knowledge based exchange." Working Paper, March, pp. 1-26
- Choi, Chong Ju and Soo Hee Lee (1996) "A knowledge based view of cooperative interorganizational relationships." Working Paper, February, pp. 1-28
- Choi, Chong Ju and Soo Hee Lee (1997) "Models of enforcement and identity in exchange: Trust, contracts and hostages." Working Paper, February, pp. 1-39
- Choi, Chong Ju, Peter T. Golder, and Soo Hee Lee (1995) "Redefining the global triad." Working Paper, pp. 1-13
- Choi, Chong Ju, Soo Hee Lee, and Brian Hilton (1996) "Defining loyalty in society." Working Paper, September, pp. 1-19
- Chowdhury, Jafor (1992) "Performance of international joint ventures and wholly owned foreign subsidiaries: A comparative perspective." *Management International Review*, 32, pp. 115-133
- Christelow, D. B. (1987) "International joint ventures: How important are they?." *Columbia Journal of World Business*, Summer, pp. 7-13
- Coase, R. (1937) "The contractual nature of the firm." *Journal of Law and Economic*, 4, pp. 386-405
- Cohen, H. (1980) *You can negotiate anything*, Secaucus, NJ: Lyle Stuart
- Conner, Kathleen R. And C. K. Prahalad (1996) "A resource-based theory of the firm: Knowledge versus opportunism." *Organization Science*, 7, September-October, pp. 477-501

- Contractor, Farok J. and Peter Lorange (1988) *Cooperative Strategies in International Business*, Lexington Books
- Coopers & Lybrand (1995) *Thailand : A Guide To Business and Investment*
- Crossan, M., H. Lane, R. E. White and L. Djurfeldt (1995) "Organizational learning: Dimensions for a theory." *International Journal of Organizational Analysis*, **3**, pp. 337-360
- Crossan, Mary M., Henry W. Lane and Roderick E. White (1999) "An organizational learning framework: From intuition to institution." *Academy of Management Review*, **24**(3), pp. 522-537
- Cullen, J. B., Jean L. Johnson and Tomoaki Sakano (1995) "Japanese and local partner commitment to IJVs: Psychological consequences of outcomes and investments in the IJV relationship." *Journal of International Business Studies*, First Quarter, pp. 91-115
- Cummings, Larry L. and Philip Bromiley (1996) "The organizational trust inventory (OTI)." In Kramer, Roderick M. and Tom R. Tyler (Eds.), *Trust in Organizations*, Thousand Oaks, CA: Sage Publications, pp. 302-330
- Dabholkar, Pratibha A., Wesley J. Johnston, and Amy S. Cathey (1994) "The dynamics of long-term business-to-business exchange relationships." *Journal of the Academy of marketing Science*, **22**(2), pp. 130-145
- Denzin, N.K. (1970) *The Research Act*, Chicago: Aldine
- Deutsch, Morton (1973) *The Resolution of Conflict*, New Haven, CT: Yale University Press
- Ding, Daniel Z. (1997) "Control, conflict, and performance: A study of U.S.-Chinese joint ventures." *Journal of International Marketing*, East Lansing
- Dixit, Avinash K. and Barry J. Nalebuff (1991) *Thinking strategically: The competitive edge in business, politics, and everyday life*, W. W. Norton & Company
- Dodgson, M. (1993) "Organizational learning: A review of some literatures." *Organization Studies*, **14**, pp. 375-394
- Dubin, R. (1969) *Theory Building*, New York: Free Press
- Dunning, John H. (1995) *Multinational Enterprises and The Global Economy*, Addison Wesley
- Dussauge, Pierre and Bernard Garrette (1998) "Anticipating the evolutions and outcomes of strategic alliances between rival firms." *International Studies of Management & organization*, White Plains, Winter
- Dwyer, F.R. and O.C. Walker (1981) "Bargaining in an asymmetrical power structure." *Journal of Marketing*, Winter, **45**, pp. 104-115
- Dyer, G. and Wilkins, A. (1991) "Better stories, not better constructs to generate better theory: A rejoinder to Eisenhardt." *Academy of Management Review*, **16**(3), pp. 613-619
- Dymsza, William A. (1988) "Successes and failures of joint ventures in developing countries: Lessons from experience." In Contractor, Farok J. and Peter Lorange (Eds.), *Cooperative Strategies in International Business*, Lexington Books, pp. 403-424
- Easterby-Smith, M. (1998) "Introduction." *Management Learning*, **29**
- Edmondson, A. and B. Moingeon (1998) "From organizational learning to the learning organization." *Management Learning*, **29**, pp. 5-20
- Eisenhardt, K.Y. (1991) "Better stories and better constructs: The case for rigor and comparative logic." *Academy of Management Review*, **16**(3), pp. 620-627

- Eisenhardt, Kathleen (1985) "Control: Organizational and economic approaches." *Management Science*, 31(2), February, pp. 134-149
- Eisenhardt, Kathleen M. (1989) "Agency theory: An assessment and review." *Academy of Management Review*, 14, pp. 57-74
- Eisenhardt, Kathleen M. (1989) "Building theories from case study research." *Academy of Management Review*, 14(4), pp. 532-550
- Eiteman, D.K. (1990) "American executives' perceptions of negotiating joint ventures with the People's Republic of China: Lessons learned." *Columbia Journal of World Business*, Winter, pp. 59-67
- Englander, Ernest J. (1988) "Technology and Oliver Williamson's transaction cost economics." *Journal of Economic Behavior and Organization*, 10, pp. 339-353
- Estrin, Saul and David Laidler (1995) *Introduction to Microeconomics*, Harvester Wheatsheaf
- Fagre, N. and L.T. Wells (1982) "Bargaining power of multinationals in host governments." *Journal of International Business Studies*, 13, pp. 9-24
- Faulkner, David (1995) *Strategic Alliances: Co-operating to Compete*, McGraw-Hill Book Company
- Fedor, K. and W. Werther (1996) "The fourth dimension: Creating culturally responsive international alliances." *Organizational Dynamics*, 25(2), pp. 39-53
- Fisher, Roger and William Ury (1981) *Getting to Yes*, Hutchinson
- Fowler, Floyd J. Jr. (1984) *Survey Research Methods*, Sage Publications, Inc.
- Franko, L. G. (1987) "New forms of investment in developing countries by U.S. companies: A five industry comparison." *Columbia Journal of World Business*, Summer, pp. 39-55
- Franko, Lawrence G. (1971) *Joint Venture Survival in Multinational Corporations*, New York, NY: Praeger
- Frazier, Gary L. and John O. Summers (1984) "Interfirm influence strategies and their application within distribution channels." *Journal of Marketing*, 48, Summer, pp. 43-55
- Friedman, R.A. (1993) "Bringing mutual gains bargaining to labor negotiations: The role of trust, understanding, and control." *Human Resource Management*, 32, pp. 435-459
- Fry, W.R. (1985) "The effect of dyad Machiavellianism and visual access on integrative bargaining outcomes." *Personality and Social Psychology Bulletin*, 11, pp. 51-62
- Ganesan, Shanker (1993) "Negotiation strategies and the nature of channel relationships." *Journal of Marketing Research*, 30, pp. 183-203
- Gentry, J. W., Jun Sunkyu and Patriya Tansuhaj (1995) "Consumer acculturation processes and cultural conflict." *Journal of Business research*, 32, pp. 129-139
- Geringer, J. M. and Louis Hebert (1989) "Control and performance of international joint ventures." *Journal of International Business Studies*, Summer, pp. 235-254
- Geringer, J. Michael (1988) *Joint Venture Partner Selection: Strategies for Developed Countries*, Westport, CT: Quorum Books
- Geringer, J. Michael and Louis Hebert (1991) "Measuring performance of international joint ventures." *Journal of International Business Studies*, Second, pp. 249-263

- Ghoshal, Sumantra (1987) "Global strategy: An organizing framework." *Strategic Management Journal*, **8**, pp. 425-440
- Ghoshal, Sumantra and Peter Moran (1996) "Bad for practice: A critique of the transaction cost theory." *Academy of Management Review*, **21**, pp. 13-47
- Glaister, K. W. and P. J. Buckley (1994) "UK international joint ventures: An analysis of patterns of activity and distribution." *British Journal of Management*, **5**, pp. 33-51
- Glaister, Keith W. and Peter J. Buckley (1999) "Performance relationships in UK international alliances." *Management International Review*, Wiesbaden, Second Quarter
- Glaser, D.G. and A.L. Strauss (1967) *The Discovery of Grounded Theory: Strategies for Qualitative Research*, New York: Aldine
- Globerman, Steven (1986) *Fundamentals of International Business Management*, Prentice-Hall
- Goffman, I. (1969) *Strategic Interaction*, Philadelphia: University of Pennsylvania Press
- Gomes-Casseres, B (1987) "Joint venture instability: Is it a problem?" *Columbia Journal of World Business*, Summer, pp. 97-104
- Gomes-Casseres, Benjamin (1994) "Group versus group: How alliance networks compete." *Harvard Business Review*, July-August, pp. 62-74
- Graham, J.L. and Sano, y. (1984) *Smart Bargaining: Doing Business with the Japanese*, Cambridge, MA
- Graham, John L. (1983) "Brazilian, Japanese, and American business negotiations." *Journal of International Business Studies*, Spring/Summer
- Graham, John L. and Yoshihiro Sano (1989) *Smart Bargaining*, Harper Business, pp. 19-34
- Granovetter, Mark (1985) "Economic action and social structure: A theory of embeddedness." *American Journal of Sociology*, **91**, pp. 481-510
- Grant, Robert M. (1993) *Contemporary Strategy Analysis: Concepts, Techniques, Applications*, Blackwell Publishers
- Grant, Robert M. and Charles Baden-Fuller (____) "A knowledge-based theory of inter-firm collaboration." pp. 17-21
- Gray, Barbara and Aimin Yan (1997) "Formation and evolution of international joint ventures." In Beamish, Paul W. and J. Peter Killing (Eds.), *Cooperative strategies: Asian Pacific Perspectives*, The New Lexington Press, pp. 57-88
- Greenhalgh, L. and I.C. Deborah (1995) "Joint decision making: The inseparability of relationships and negotiation." In Kramer, R.M. and D.M. Messick (Eds.), *Negotiation as a social process*, Thousand Oaks, CA: Sage Publications, pp. 166-185
- Gudykunst, W.B. and S. Ting-Toomey (1988) *Culture and Interpersonal Communication*, Newbury Park, CA: Sage Publication.
- Gudykunst, William (1991) *Bridging Differences: Effective Intergroup Communication*, Sage Publications, Newbury Park (California) et al., pp. 60-62
- Gugler, P. and J.H. Dunning (1993) "Technology-based cross-broder alliance." In Culpan, R., editor, *Multinational Strategic Alliances*, New York: International Business Press
- Gulati, Ranjay (1995) "Does familiarity breed trust?: The implications of repeated ties for contractual choice in alliances." *Academy of Management Journal*, **38**, pp. 85-112

- Gullander, Stephen (1976) "Joint venture and corporate strategy." *Columbia Journal of World Business*, Spring, pp. 104-114
- Gulliver, P.H. (1979) *Disputes and negotiation: A Cross-Cultural Perspective*, New York: Academic Press
- Gummesson, Evert (1991) *Qualitative Methods in Management Research*, Revised edition, Sage Publications
- Gundlach, Erich (1996) "Openness and economic growth in developing countries." *Kiel Institute of World Economics*, Working paper no. 749
- Gundlach, Erich and Peter Nunnenkamp (1996) "Some consequences of globalization for developing countries." *Kiel Institute of World Economics*, Working paper no. 753
- Gundlach, Gregory T. and Ravi S. Achrol (1993) "Governance in exchange: Contract law and its alternatives." *Journal of Public Policy and Marketing*, 12(2), pp. 141-155
- Hakim, Catherine (1992) *Research Design: Strategies and Choices in the Design of Social Research*, London and New York: Routledge
- Hall, E.T. (1959) *The Silent Language*, Doubleday, New York
- Hamel, Gary (1991) "Competition for competence and inter-partner learning within international strategic alliances." *Strategic Management Journal*, 12, pp. 83-103
- Hamilton, Gary G. (1996). "Competition and organization: A reexamination of Chinese business practices." *Journal of Asian Business*, 12(1), pp. 7-20.
- Hamner, W.C. (1980) "The influence of structural, individual, and strategic differences." In Harnett, D. and L.L. Cummings (Eds.), *Bargaining Behavior*, Houston, TX: Dame Publications
- Harnett, O.L. and Cummings, L.L. (1980) *Bargaining behaviour- An international study*, Dave Publication, Houston, TX.
- Harrigan, K. R. (1984) "Joint ventures and global strategies." *Columbia Journal of World Business*, Summer, pp. 7-16
- Harrigan, K. R. (1987) "Strategic alliances: Their new role in global competition." *Columbia Journal of World Business*, Summer, pp. 67-69
- Harrigan, K. R. (1988) "Joint ventures and competitive strategy." *Strategic Management Journal*, 9, pp. 141-158
- Harrigan, Kathryn R. and William H. Newman (1990) "Bases of interorganization cooperation: Propensity, power, persistence." *Journal of Management Studies*, 27(4), pp. 417-434
- Harrigan, Kathryn Rudie (1984) *Managing for Joint Venture Success*, MA: Lexington Books
- Harrigan, Kathryn Rudie (1985) *Strategies for Joint Venture*, Lexington Books
- Hatfield, Louise, John A. Pearce II, Randall G. Sleeth, and Michael W. Pitts (1998) "Toward validation of partner goal achievement as a measure of joint venture performance." *Journal of Managerial Issues*, Pittsburg, Fall
- Hawkins, P (1991) "The spiritual dimension of the learning organization." *Management Education and Development*, 22, pp. 172-187
- Hawrysh, Brian Mark and Judith Lynne Zaichowsky (1989) "Cultural approaches to negotiations: Understanding the Japanese." *International Marketing Review*, April, pp.28-42
- Hebert, Louis (1994) "Division of control, relationship dynamics and joint venture performance." Ph.D. thesis, Western Business School, The University of Western Ontario (Canada)

- Hedlund, Gunnar (1994) "A model of knowledge management and the N-form corporation." *Strategic Management Journal*, **15**, pp. 73-90
- Heide, Jan B. And George John (1992) "Do norms matter in marketing relationships?" *Journal of Marketing*, **56**, April, pp. 32-44
- Hendon, Donald W. Rebecca Angeles Hendon, and Paul Herbig (1998) *Negotiating Across Cultures*, Security Management, Arlington, November
- Hennart, J. F. (1988) "A transaction costs theory of equity joint ventures." *Strategic Management Journal*, **9**, pp. 361-374
- Hennart, J. F. (1991) "The transaction costs theory of joint ventures: An empirical study of Japanese subsidiaries in The United States." *Management Science*, **37**, pp. 483-497
- Hennart, Jean-Francois (1989) "Can the new forms of investment substitute for the old forms?: A transaction costs perspective." *Journal of International Business Studies*, Summer, pp. 211-234
- Hennart, Jean-Francois (1991) "The transaction cost theory of the multinational enterprise." In Pitelis, C. and R. Sugden (Eds.), *The Nature of the Transnational Firm*, London: Routledge, pp. 81-116
- Hennart, Jean-Francois (1993) "Explaining the swollen middle: Why most transactions are a mix of market and hierarchy." *Organization Science*, **4**, November, pp. 529-547
- Hennart, Jean-Francois (1998) "The impact of culture on the strategy of multinational enterprises: Does national origin affect ownership decisions?" *Journal of International Business Studies*, **27**(3), Third Quarter, pp. 515-538
- Heureux, Richard A.L., Patrick F Hopper, and Andre Long (1997) "Disputes resolutions: What does it take to succeed with ADR?" *National Contract Management Journal*, Arlington
- Hill, Charles W. L. (1990) "Cooperation, opportunism, and the invisible hand: Implications for transaction cost theory." *Academy of Management Review*, **15**, pp. 500-513
- Hill, Charles W. L., Peter Hwang, and W. Chan Kim (1990) "An eclectic theory of the choice of international entry mode." *Strategic Management Journal*, **11**, pp. 117-128
- Hirsch, F. (1978) *Social limits to growth*, Cambridge, MA: Harvard University Press
- Hodgetts, Richard M. and Fred Luthans (1994) *International Management*, McGraw-Hill, second edition
- Hofstede, G. (1980) *Culture's consequence*, Beverly Hills, CA: Sage Publications
- Hofstede, Geert (1994) *Cultures and Organizations: Software of the Mind*, Harper Collins Publishers
- Hosmer, Larue Tone (1995) "Trust: The connecting link between organizational theory and philosophical ethics." *Academy of Management Review*, **20**(2), pp. 379-403
- Hou, J. W., S. Ichimura, S. Naya, L. Werin, and L. Young (1995) "Pacific Rim Trade And Development." *Comtempory Economic Policy*, **13**, pp. 1-25
- Hubbard, Amy S. (1999) "Cultural and status differences in intergroup conflict resolution: A longitudinal study of a Middle East dialogue group in the United States." *Human Relations*, **52**(3), March, pp. 303-325
- Hussey, Jill and Roger Hussey (1997) *Business Research: A practical Guide for Undergraduate and Postgraduate Students*, Macmillan Press

- Inkpen, Andrew C. and Mary M. Crossan (1995) "Believing is seeing: Joint ventures and organization learning." *Journal of Management Studies*, **35**(2), September, pp. 595-618
- Inkpen, Andrew C. And Paul W. Beamish (1997) "Knowledge, bargaining power, and the instability of international joint ventures." *Academy of Management Review*, **22**, pp. 177-202
- Jain, Subhash C. (1996) *International Marketing Management*, Fifth edition, South-Western College Publishing
- Janger, Allen R. (1980) *Organization of International Joint Venture*, New York, NY: Conference Board
- Jearce, Robert J. (1997) "Toward understanding joint venture performance and survival: A bargaining and influence approach to transaction cost theory." *Academy of Management Review*, **22**(1), pp. 203-225
- Jick, Todd D. (1979) "Mixing qualitative and quantitative methods: Triangulation in action." *Administrative Science Quarterly*, **24**, December, pp. 602-611
- Johanson, Jan and Jan-Erik Vahlne (1992) *Management of Internationalization*, RP 92/2, Institute of International Business, Stockholm School of Economics
- Johnson, Gerry and Kevan Scholes (1993) *Exploring corporate strategy: Text and cases*, Third edition, Prentice Hall
- Johnson, James P. (1996) "Procedural justice perceptions among international joint venture managers: Their impact on commitment and performance." Working Paper, pp. 1-28
- Johnson, Jean L., John B. Cullen, Tomoaki Sakano, and Hideyuki Takenouchi (1996) "Setting the stage for trust and strategic integration in Japanese-U.S. cooperative alliances." *Journal of International Business Studies*, Special issue, pp. 981-1003
- Jones, Gareth R. And Charles W. L. Hill (1988) "Transaction cost analysis of strategy-structure choice." *Strategic Management Journal*, **9**, pp. 159-172
- Jones, Thomas M. (1995) "Instrumental stakeholder theory: A synthesis of ethics and economics." *Academy of Management Review*, **20**, pp. 404-437
- Kahal, S. El. (1994) *Introduction to International Business*, McGraw-Hill, pp. 127-131
- Kanter, Rosabeth Moss (1972) *Commitment and Community*, Cambridge: Harvard
- Kanter, Rosabeth Moss (1994) "Collaborative advantage." *Harvard Business Review*, July-August, pp. 96-108
- Kanter, Rosabeth Moss (1996) "Power of partnering." *Executive Excellence*, May, pp. 7
- Keegan, Warren J. (1989) *Global Marketing Management*, Fourth edition, Prentice-Hall International
- Khanna, Tarun and Krishna Palepu (1997). "Why focused strategies may be wrong for emerging markets." *Harvard Business Review*, July-August, pp. 41-51.
- Killing, J. P. (1980) "Technology acquisition: License agreement or joint venture." *Columbia Journal of World Business*, Fall, pp. 38-46
- Killing, J. P. (1982) "How to make a global joint venture work." *Harvard Business Review*, May-June, pp. 120-127
- Killing, J. Peter (1983) *Strategies for Joint Venture Success*, London & Canberra: Croom Helm
- Killing, J.P. (1988) "Understanding alliances: The role of task and organizational complexity." In Contractor, F.J. and P. Lorange (Eds.) *Cooperative Strategies in International Business*, Lexington Books, Lexington MA

- Kim, W. Chan (1978) "Competition and the management of host government intervention." *Sloan Management Review*, Spring, 33-39
- Kimmel, M.J., D.G. Pruitt, J.M. Magenau, E. Konar-Goldband, P.J.D. Carnevale (1980) "Effects of trust, aspiration and gender on negotiation tactics." *Journal of Personality and Social Psychology*, **38**, pp. 9-23
- Kipnis, David and Stuart M. Schmidt (1983) "An influence perspective of bargaining within organizations." In Bazerman, M.H. and R. J. Lewickin (Eds.), *Negotiating in Organizations*, Beverly Hills, CA:Sage, 1982.
- Klein, B., R. Crawford, and A. Alchian (1978) "Vertical integration, appropriable rents, and the competitive contracting process." *Journal of Law and Economics*, **21**, October, pp. 297-326
- Kogut, B. (1983) "Foreign direct investment as a sequential process." In Kindleberger, C.P. and D. Andretsch (Eds.), *The Multinational Corporations in the 1980s*, MIT Press, Cambridge, MA, pp. 38-56
- Kogut, B. (1987) "Competitive revalray and the stability of joint ventures." Reginald H. Jones Working Paper, Wharton School
- Kogut, B. (1988) "Joint ventures: Theoretical and empirical perspectives." *Strategic Management Journal*, **9**, pp. 319-332
- Kogut, Bruce (1988a) "A study of life cycle of joint ventures." In Contractor, F. and P. Lorange (Eds.), *Cooperative Strategies in International Business*, Toronto, Lexington Books, pp. 169-185
- Kogut, Bruce (1989) "The stability of joint ventures: Reciprocity and competitive rivalry." *The Journal of Industrial Economics*, **38**(2), pp. 183-198
- Kogut, Bruce and Harbir Singh (1988) "The effect of national culture on the choice of entry mode." *Journal of International Business Studies*, **19**(3), pp. 411-432
- Komin, Suntaree (1995) "Cuture and work-related values in Thai organizations." In Kao, Henry S.R., Durganand Sinha, and Ng Sek-Hong, editors, Sage Publications. pp. 137-163
- Koot, W. (1988) "Underlying dilemmas in the management of international joint ventures." In Contractor, F. and P. Lorange (Eds.), *Cooperative Strategies in International Business*, Lexington: Lexington Book, pp. 347-67
- Kozan, M. Kamil (1997) "Culture and Conflict management: A theoretical framework." *International Journal of Conflict Management*, Bowling Green, October
- Kramer, R. M. and T. R. Tyler (1996). *Trust in organizations*, Sage Publications.
- Kramer, R.M. and D.M. Messick (1995) *Negotiation as a social process*, Thousand Oaks, Sage Publications
- Kreps, David M. (1990) *A Course in Microeconomic Theory*, Harvester Wheatsheaf
- Krugman, Paul (1996) "A country is not a company." *Harvard Business Review*, January-February, pp. 40-51
- Kukalis, S. and M. Jungemann (1995) "Strategic planning for a joint venture." *Long Range Planning*, **28**, pp. 46-57
- Kumar, Brij N. (1995) "Partner-selection-criteria and success of technology transfer: A model based on learning theory applied to the case of Indo-German technical collaborations." *Management International Review*, **35** (Special Issue), pp. 65-78
- Larson, A. (1992) "Network dyads in entrepreneurial settings: A study of the governance of exchange relationships." *Administrative Science Quarterly*, **37**, pp. 76-104

- Larsson, Rikard (1993) "Case survey methodology: Quantitative analysis of patterns across case studies." *Academy of Management Journal*, 36(6), pp. 1515-1546
- Lasserre, P. and H. Schutte (1995) *Strategies for Asia Pacific*, Macmillan Press, pp. 115-139, 170-213
- Lax, D. and J. Sebenius (1985) *The manager as negotiator*, New York, Free Press
- Lecraw, Donald J. (1984) "Bargaining power, ownership, and profitability of Transnational corporations in developing countries." *Journal of International Business Studies*, Spring/Summer, pp. 27-43
- Lee, Choi and Paul W. Beaish (1995) "The characteristic and performance of Korean joint venture in LDCs." *Journal of International Business Studies*, 26(3), pp. 637-654
- Lee, James A. (1966) "Cultural analysis in overseas operations." *Harvard Business Review*, 44, March-April, pp. 106-114
- Lewicki, Roy J., Joseph A. Litterer, John W. Minton, and David M. Saunders (1994) *Negotiation*, IRWIN, Second edition
- Lewis, J. D. (1990) *Partnerships For Profit : Structuring and Managing Strategic Alliances*, The Free Press, pp. 253-278
- Li, Jiatao (1995) "Foreign entry and survival: Effects of strategic choices on performance in international markets." *Strategic Management Journal*, 16, pp. 333-351
- Li, Jiatao and Oded Shenkar (1995) "Strategic objective and structure preferences of international cooperative ventures in China: The perspectives of local partners, Working Paper, pp. 1-30
- Lim, Linda Y.C. (1996). "The evolution of Southeast Asian business systems." *Journal of Asian Business*, 12(1), pp. 51-73.
- Limaye, Mohan R. and David A. Victor (1991) "Cross-cultural business communication research: State of the art and hypothesis for the 1990s." *Journal of Business Communication*, 28(3), pp. 277-299
- Lin, Julia L., Chwo-Ming J. Yu and Dah-Hsian W. Seetoo (1997) "Motivations, partners' contributions, and control of international joint ventures." In Beamish, Paul W. and J. Peter Killing (Eds.), *Cooperative Strategies- Asian Pacific Perspectives*, The New Lexington Press, San Francisco
- Lin, Xiaohua (1996) "Joint venture ongoing negotiation: Approaches, relational antecedents, and influence of national culture." Ph.D. thesis, Graduate College of the Oklahoma State University
- Lin, Xiaohua and Richard Germain (1998) "Sustaining satisfactory joint venture relationships: The role of conflict resolution strategy." *Journal of International Business Studies*, London, First Quarter
- Littler, D. and F. Leverick (1995) "Joint ventures for product development: Learning from experience." *Long Range Planning*, 28, pp. 58-67
- Lorange P. and Gilbert J. B. Probst (1987) "Joint ventures as self-organizing systems: A key to successful joint venture design and implementation." *Columbia Journal of World Business*, Summer, pp. 71-77
- Lorange, P. and J Roos (1993) *Strategic Alliances : Formation, Implementation and Evolution*, Blackwell Publishers, pp. 177-204
- Lorange, Peter and Michael S. Scott Morton (1974) "A framework for management control systems." *Sloan Management Review*, Fall, pp. 41-58
- Lu, Yuan and Ingmar Bjorkman (1995) "International joint venture decision-making." Working Paper, August, pp. 1-20

- Luce, R. Duncan and Howard Raiffa (1957) *Games and Decisions*, New York: John Wiley
- Lusch, Robert F. (1976) "Sources of power: Their impact on intrachannel conflict." *Journal of Marketing Research*, **13**, November, pp. 382-390
- Lyles, M. A. (1987) "Common mistakes of joint venture experienced firms." *Columbia Journal of World Business*, Summer, pp. 79-85
- Macaulay, S. (1963) "Non-contractual relations in business: A preliminary study." *American Sociological Review*, **28**, pp. 55-70
- Madhok, Anoop (1995) "Revisiting multinational firms' tolerance for joint ventures: A trust-based approach." *Journal of International Business Studies*, **26**(1), pp. 117-137
- Madhok, Anoop (1996) "The organization of economic activity: Transaction costs, firm capabilities, and the nature of governance." *Organization Science*, **7**, September-October, pp. 577-590
- Maitland, Ian, John Bryson, and Andrew Van De Ven (1985) "Sociologists, economists, and opportunism." *Academy of Management Review*, **10**, pp. 59-65
- Majone, Giandomenico (1990) *Deregulation or Re-regulation?- Regulatory Reform in Europe and the United States*, St. Martin's Press
- Makino, Shige and Paul W. Beamish (1998) "Performance and survival of joint ventures with non-conventional ownership structures." *Journal of International Business Studies*, London, Fourth Quarter
- Matsuura, N. F. (1991) *International Business A New Era*, Harcourt Brace Jovanovich Publishers, pp. 196-201
- Mayer, R.C., J.H. Davis, and F.D. Schoorman (1995) "An integrative model of organizational trust." *Academy of Management Review*, **20**, pp. 709-734
- McClintock, C.G. (1978) "Social values: Their definition, measurement, and development." *Journal of Research and Development in Education*, **12**, pp. 121-137
- McGill, A. L. (1995) "American and Thai managers' explanations for poor company performance: Role of perspective and culture in causal selection." *Organizational Behavior and Human Decision Processes*, **6**, January, pp. 16-27
- Meschi, Pierre-Xavier and Alain Roger (1994) "Cultural context and social effectiveness in international joint ventures." *Management International Review*, **34**, pp. 179-215
- Miles, Matthew B. and A. Michael Huberman (1994) *Qualitative data analysis: An expanded sourcebook*, Thousand Oaks, CA: Sage Publications
- Milgrom, Paul and John Roberts (1992) *Economics, Organization and Management*, Prentice-Hall International, Inc.
- Miller, Gary J. (1995) *Managerial dilemmas: The political economy of hierarchy*, Cambridge University Press
- Mintzberg, Henry (1993) *Power In and Around Organizations*, Englewood Cliffs: Prentice-Hall Inc.
- Misawa, Mitsuru (1987). "New Japanese-style management in a changing era." *Columbia Journal of World Business*, Winter, pp. 9-17.
- Mjoen, Hans (1993) "Core competencies, equity, control, and performance: An integrated approach (joint ventures)." Ph.D. thesis, The University of Utah

- Moore, J. and R. Spekman (1994) "Characteristics of partnership success: partnership attributes, communication behavior, and conflict resolution techniques." *Strategic Management Journal*, **15**, pp. 135-152
- Moran, Peter and Sumantra Ghoshal (1996) "Theories of economic organization: The case for realism and balance." *Academy of Management Review*, **21**, pp. 58-72
- Morgan, Robert M. and Shelby D. Hunt (1994) "The commitment-trust theory of relationship marketing." *Journal of Marketing*, **58**, July, pp. 22-38
- Morris, Michael, Katherine Y. Williams, Kwok Leung, Richard Larrick (1998) "Conflict management style" Accounting for cross-national differences." *Journal of International Business Studies*, London, Fourth Quarter
- Muscat, Robert J. (1994) *The Fifth Tiger-A Study of Thai Development Policy*, United Nations, University Press
- Nalebuff, Barry J. and Adam M. Brandenburger (1996) *Co-optition*, HarperCollinsBusiness
- Nanda, A. and P. J. Williamson (1995) "Use joint ventures to ease the pain of restructuring." *Harvard Business Review*, November-December, pp. 119-128
- Naujoks, Petra and Klaus-Dieter Schmidt (1995) "Foreign direct investment and trade in transition countries: Tracing link- A sequel-." *Kiel Institute of World Economics*, Working paper no. 704
- Neale, M. and M.H. Bazerman (1985) "The effects of framing and negotiator overconfidence on bargaining behaviours and outcomes." *Academy of Management Journal*, **28**, pp. 34-49
- Neale, M.A. and M.H. Bazerman (1983) "The role of perspective- taking ability in negotiating under different forms of arbitration." *Industrial and Labor Relations Review*, **36**, pp. 378-388
- Neale, Margeret A. and Max H. Bazerman (1992). Negotiator cognition and rationality: A behavioral decision theory perspective, *Organizational Behavior and Human Decision Processes*, **51**, pp. 157-175.
- Newbound, G., P. Buckley, and J. Turwell (1978) *Going International: The experience of smaller companies overseas*, Halstead Press, Somerset, NJ.
- Newman, Karen L. and Stanley D. Nollen (1996) "Culture and congruence: The fit between management practices and national culture." *Journal of International Business Studies*, Fourth Quarter
- Nicholas, S. (1983) "Agency contracts, institutional modes, and the transition to foreign direct investment by British manufacturing multinationals before 1939." *Journal of Economic History*, **68**, pp. 675-686
- Nisbett, Richard and Timothy Wilson (1977) "Telling more than we can know: Verbal reports on mental processes." *Psychological Review*, **84**, May, pp. 239-259
- Nooteboom, Bart (1995) "Trust, opportunism and governance: A process and control model." *Organization Studies*, pp. 985-1010
- Nordstrom, Kjall A. and Jane-Erik Vahlne (1992) "Is the globe shrinking? Psychic distance and the establishment of Swedish sales subsidiaries during the last 100 years." Paper presented at the International Trade and Finance Association's Annual Conference, Laredo, Texas, April, pp. 22-25
- North, D.C. (1990) *Institutions, institutional change and economic performance*, Cambridge, England: Cambridge University Press
- O'Grady, S and Henry W. Lane (1996) "The psychic distance paradox." *Journal of International Business Studies*, Second Quarter, pp. 309-333

- Ohmae, Kenichi (1994) *The Borderless World: Power and Strategy in the Global Marketplace*, HarperCollinsPublishers
- Olson, Lois Bitner and Kunchit Singsuwan (1997) "The effect of partnership, communication, and conflict resolution behaviors on performance success of strategic alliances: American and Thai perspectives." In Beamish, Paul W. and J. Peter Killing (Eds.), *Cooperative Strategies*, San Francisco: The New Lexington Press, pp. 245-267
- Osgood, C. G. Suci and P. Tannenbaum (1957) *The Measurement of Meaning*, Urbana: University of Illinois Press
- Otsubo, Mayumi (1986). "A guide to Japanese business practices." *California Management Review*, Vol.XXVII, No.3, Spring, pp. 28-42.
- Ouchi, W. G. (1977) "Review of Williamson's markets and hierarchies." *Administrative Science Quarterly*, **22**, pp. 540-544
- Ouchi, William G. (1977) "The relationship between organizational structure and organizational control." *Administrative Science Quarterly*, **22**, March, pp. 95-113
- Ouchi, William G. (1978) "The transmission of control through organizational hierarchy." *Academy of Management Journal*, **21**(2), pp. 173-192
- Ouchi, William G. (1979) "A conceptual framework for the design of organizational control mechanisms." *Management Science*, **25**, September, pp. 833-848
- Ouchi, William G. (1980) "Markets, bureaucracies, and clans." *Administrative Science Quarterly*, **25**, March, pp. 129-141
- Ouchi, William G. and Mary Ann Maguire (1975) "Organizational control: Two functions." *Administrative Science Quarterly*, **20**, December, pp. 559-569
- Ouchi, William G. And Raymond L. Price (1993) "Hierarchies, clans, and theory Z: A new perspective on organization development." *Organizational Dynamics*, **21**, Spring, pp. 62-70
- Palay, T. (1985) "Avoiding regulatory constraints: Contracting safeguards and the role of informal agreements." *Journal of Law, Economics, and Organization*, **1**, pp. 155-175
- Park, Seung H. and Michael V. Russo (1996) "When competition eclipses cooperation: An event history analysis of joint venture failure." *Management Science*, **42**(6), pp. 875-890
- Park, Seung Ho and Gerardo R. Ungson (1997) "The effect of national culture, organizational complementarity, and economic motivation on joint venture dissolution." *Academy of Management Journal*, Mississippi State, April
- Parkhe, A. (1991) "Interfirm diversity, organizational learning, and longevity in global strategic alliances." *Journal of International Business Studies*, **22**, pp. 579-601
- Parkhe, Arvind (1993) "Messy research, methodological predispositions, and theory development in international joint ventures." *Academy of Management Review*, **18**(2), pp. 227-268
- Parkhe, Arvind (1993) "Partner nationality and the structure-performance relationship in strategic alliances." *Organization Science*, **4**(2), May, pp. 301-324
- Parkhe, Arvind (1993) "Strategic alliance structuring: A game theoretic and transaction cost examination of interfirm cooperation." *Academy of Management Journal*, **36**, 794-829
- Pearce, John D., Keith Robbins, and Richard D. Robinson (1987) "The impact of grand strategy and planning formality on financial performance." *Strategic Management Journal*, **8**(2), pp. 125-134

- Pennings, J.M. and F. Harianto (1992) "Technological networking and innovation implementation." *Organization Science*, **3**, pp. 356-382
- Perlmutter, Howard V. and David A. Heenan (1986) "Cooperate to compete globally." *Harvard Business Review*, March-April, pp. 136-52
- Peterson, R. B. and Justin Y. Shimada (1978) "Sources of management problems in Japanese-American joint ventures." *Academy of Management Review*, October, pp. 796-804
- Peterson, Richard B. and Hermann F. Schwind (1977) "A comparative study of personnel problems in international companies and joint ventures in Japan." *Journal of International Business Studies*, **8**(1), pp. 45-55
- Pfaffermayr, Michael (1996). "Foreign outward direct investment and exports in Austrian manufacturing: Substitutes or complements?" *Weltwirtschaftliches Archiv*, pp. 501-522
- Pfeffer, J. and G.R. Salancick (1978) *The external control of organization*, New York: Harper & Row
- Pfeffer, J. and P. Nowak (1976a) "Joint ventures and interorganizational interdependence." *Administrative Science Quarterly*, **21**, pp. 398-418
- Pierre-Xavier, Meschi (1997) "Longevity and cultural differences of international joint ventures: Toward time-base cultural management." *Human Relations*, New York, February
- Pinkley, R. (1990) "Dimensions of conflict frame: Disputant interpretations of conflict." *Journal of Applied Psychology*, **75**, pp. 117-126
- Popper, Micha and Raanan Lipshitz (1998) "Organizational learning mechanisms: A structural and cultural approach to organizational learning." *The Journal of Applied Behavioral Science*, **34**(2), June, Arlington, pp. 161-179
- Popper, Micha and Raanan Lipshitz (2000) "Organizational learning: Mechanisms, culture, and feasibility." *Management Learning*, **31**(2), June
- Porter, M.E. (1991) "Towards a dynamic theory of strategy." *Strategic Management Journal*, **12**, pp. 95-117
- Porter, M.E. and Fuller M.B. (1986) "Coalitions and global strategy." In Porter, M.E., *Competition in Global Industries*, Boston: Harvard Business School Press
- Porter, Michael E. (1990) "The competitive advantage of nations." *Harvard Business Review*, March-April, pp. 73-93
- Porter, Michael E. (1990) *The Competitive Advantage of Nations*, The Macmillan Press Ltd.
- Powell, Walter W. (1996) "Trust-based forms of governance." In Kramer, Roderick M. and Tom R. Tyler (Eds.), *Trust in Organizations*, Thousand Oaks, CA: Sage Publications, pp. 51-67
- Prahalad, C. K. and Gary Hamel (1990) "The core competence of the corporation." *Harvard Business Review*, May-June, pp. 79-91
- Pruitt, D. (1983) "Achieving integrative agreements." In Bazerman, M.H. and R.J. Lewicki (Eds.), *Negotiating in Organizations*, Beverly Hills, CA: Sage Publications
- Pruitt, D.G. and Carnevale P.J.D. (1993) *Negotiation in Social Conflict*, Pacific Grove, CA: Brooks-Cole.
- Pyatt, T. Roger (1995). "Business networks and dyad studies: Theory and practice in Southeast Asia." *Journal of Far Eastern Business*, **1**(4), Summer, pp. 1-14.
- Pyatt, T. Roger (1996). "Chinese business networks and entrepreneurial clans in Thailand." *Asia Pacific Business Review*, **3**(2), Winter, pp. 1-25.

- Pye, Lucian (1982) *Chinese Commercial Negotiating Style*, Oelgeschlager, Gunn & Hain, Publishers, Inc.
- Rahim, M. A. and T. V. Bonoma (1979) "Managing organizational conflict: A model for diagnosis and intervention." *Psychological Reports*, **44**, pp. 1323-44
- Raiffa, Howard (1982). *The Art and Science of Negotiation*, Harvard University Press, Cambridge.
- Rao, Asha and Stuart M. Schmidt (1998) "A behavioral perspective on negotiating international alliance." *Journal of International Business Studies*, London, Fourth Quarter
- Rapoport, A. (1960) *Fights, Games, and Debates*, Ann Arbor: University of Michigan Press
- Redding, Gordon (1995). "Overseas Chinese networks: Understanding the enigma." *Long Range Planning*, **28**(1), pp. 61-69.
- Reynolds, John I. (1979) *Indian-American Joint Ventures: Business Policy Relationships*, Washington, D.C: University Press of America
- Ring, P.M. and A. Van de Ven (1989) "Formal and informal dimensions of transactions." In Van de Ven, A., H. Angle, and M.S. Poole (Eds.) *Research on the Management of Innovation: The Minnesota Studies*, New York: Ballinger/Harper-Row, pp. 171-192
- Ring, Peter Smith (1996) "The costs of networked organization." Working Paper, Summer, 1-31
- Ring, Peter Smith and Andrew H. Van De Ven (1992) "Structuring cooperative relationships between organizations." *Strategic Management Journal*, **13**, pp. 483-498
- Ring, Peter Smith and Andrew H. Van De Ven (1994) "Developmental processes of cooperative interorganizational relationships." *Academy of Management Review*, **19**(1), pp. 90-118
- Ritov, Ilana and Amos Drory (1996) "Ambiguity and conflict management strategy." *International Journal of Conflict Management*, Bowling Green, April
- Robert, Gulbro and Herbig Paul (1995) "Differences in cross-cultural negotiation behavior between manufacturers and service-oriented firm." *Journal of Professional Services Marketing*, New York
- Robins, James A. (1987) "Organizational economics: Notes on the use of transaction cost theory in the study of organizations." *Administrative Science Quarterly*, **32**, pp. 68-86
- Robinson, R. (1969) "Ownership across national frontiers." *Industrial management Review*, **1**, Fall, pp. 41-65
- Rock, Michael T. (1995) "Thai industrial policy: How irrelevant was it to export success?" *Journal of International Development*, **7**(5), pp. 745-757
- Rohwer, J. (1996) *Asia Rising*, Nicholas Brealey Publishing, pp. 207-234
- Root, F.R. (1988) "Some taxonomies of international cooperative arrangements." In Contractor, F.S. & P. Lorange (Eds.), *Cooperative Strategies in International Business*, Lexington, MA: Lexington Books, pp. 69-80
- Rosenzweig, P. and J. Singh (1991) "Organizational environments and the multinational enterprise." *Academy of Management Review*, **16**, pp. 340-361
- Ross, Douglas (1999) "Culture as a context for multinational business: A framework for assessing the strategy-culture fit." *Multinational Business Review*, Detroit, Spring

- Roth, G. (1997) "From individual and team learning to systems learning." In Cavaleri, S. and D. Fearn (Eds.), *Managing in organizations that learn*, Cambridge, MA: Blackwell
- Rotter, J.B., J.E. Chance, and E.J. Phares (1972) *Applications of a Social Learning Theory of Personality*, New York: Holt, Rinehart, and Winston
- Rugman, Alan M. (1980). "Internalization as a general theory of foreign direct investment: A re-appraisal of the literature." *Weltwirtschaftliches Archiv* Bd. CXIV, pp. 365-379
- Sabel, C.F. (1993) *Studied Trust: Building New Form of Cooperation in a Volatile Economy*, Human Relations, **46**(9), pp. 1133-1170
- Sawyer, J. and Guetzkow, H. (1965) "Bargaining and negotiation in international relations." In Kelman, H.C. (Eds.), *International Behavior: A Social-psychological analysis*, Holt, Rinehart and Winston, New York, pp.464-520
- Saxton, T. (1997) "The effect of partner and relationship characteristics on alliance outcomes." *Academy of Management Journal*, **40**(2), pp. 443-461
- Schaan, Jean-Louis (1988) "How to control a joint venture even as a minority partner." *Journal of General Management*, **14**(1), Autumn, pp. 4-16
- Schaan, Jean-Louis and Paul W. Beamish (1988) "Joint venture general managers in LDCs." In Contractor, Farok J. And Peter Lorange (Eds.), *Cooperative Strategies in International Business*, Lexington Books, pp. 279-299
- Schelling, T. C. (1960) *The Strategy of Conflict*, Cambridge, MA: Harvard University Press
- Schelling, Thomas C. (1978) *Micromotives and Macrobehavior*, Now York, London: W. W. Norton & Company
- Schutte, H. (1994) *The Global Competitiveness of The Asian Firm*, Macmillan Press, **3**, pp. 101-117
- Scott, W.R. (1987) *Organizations: Rational, Natural, and Open System*, Second edition, Upper Saddle River, N.J.: Prentice Hall
- Seidler, Jerzy (1974) "On using in formants: A technique for collecting quantitative data and controlling for measurement error in organization analysis." *American Sociological Review*, **39**, pp. 816-831
- Senge, Peter M. (1990) "The leader new work: Building learning organizations." *Sloan Management Review*, **32**(1), pp. 7-23
- Serapio, Manuel Jr. and Wayne F. Cascio (1996) "End-games in international alliances." *Academy of Management Executive*, **10**(1), pp. 62-73
- Shapiro, D.L., B.H. Sheppard, and L. Cheraskin (1992) "Business on a handshake." *Negotiation Journal*, **8**, pp. 365-378
- Shaughnessy, H. (1995) "International joint ventures: Managing successful collaborations." *Long Range Planning*, **28**, pp. 10-17
- Shibusawa, Masahide, Zakaria Haji Ahmad, and Brian Bridges (1992) *Pacific Asia in the 1990s*, Routledge
- Shilling, A. Gary (1995) "Tired tigers?" *Forbes*, 4 December, pp. 289
- Simiar, Farhad (1982) "Major causes of joint venture failure in the Middle East: The case of Iran." *Management International Review*, **23**(1), pp. 58-68
- Simon, H.A. (1957) *Models of Man*, New York: John Wiley & Sons. Inc.
- Simon, H.A. (1961) *Administrative Behavior*, New York: The Macmillan Company, Second edition
- Simon, Herbert A. (1945) *Administrative Behavior*, New York: Free Press

- Stake, R.E. (1994) "Case studies." In Denzin, N.K. and Y.S. Lincoln (Eds.), *Handbook of Qualitative Research*, Thousand Oaks, CA: Sage Publications, pp. 236-247
- Staw, B. and J. Ross (1985) "Stability in the midst of change: A dispositional approach to job attitudes." *Journal of Applied Psychology*, 70, pp. 469-480
- Stinchcombe, A.L. (1965) "Social structure and organizations." In March, J.G. editor, *Handbook of organizations*, Skokie, Ill: Rand McNally
- Stopford, John M. And Susan Strange and John S. Henley (1991) *Rival States, Rival Firms*, Cambridge University Press
- Strong, Kelly and James Weber (1998) *The myth of trusting culture*, Business and Society, Chicago, January
- Stuckey, John A. (1983) *Vertical Integration and Joint Ventures in the Aluminum Industry*, Cambridge, Mass: Harvard University Press
- Sullivan, Jeremiah and Richard B. Peterson (1982) "Factors associated with trust in Japanese-American joint ventures." *Management International Review*, 22(2), pp. 31-46
- Swidler, A. (1986) "Culture in action: Symbols and Strategies." *American Sociological Review*, 51, April, pp. 273-286
- Swierczek, F., G. Hirsch (1994) "Joint ventures in Asia and multicultural management." *European Management Journal*, 2, pp. 197-209
- Tallman, Stephen, Adam G. Sutcliffe and Boris A. Antonian (1997) "Strategic and organizational issues in international joint ventures in Moscow." In Beamish, Paul W. and J. Peter Killing (Eds.), *Cooperative Strategies- European Perspectives*, The New Lexington Press, San Francisco
- Teece, D.J. (1985) "Applying concepts of economic analysis to strategic management." In Pennings and Associates (Eds.), *Organizational Strategy and Change*, San Francisco, CA: Jossey-Bass, pp. 35-63
- The American Chamber of Commerce Book 1998*
- The British Chamber of Commerce in Bangkok 1998 Handbook*
- The Economist Publications (1997) "The world in 1998."
- The Foreign Companies in Thailand Yearbook 1998: A Listing of Foreign Companies, Subsidiaries, Distributors and Service Companies*, Commercial Intelli, Business Monitor, November
- The German-Thai Chamber of Commerce Handbook & Directory 1989/90*
- Thomas, K. W. (1976) "Conflict and conflict management." In Dunnette, M.D. (Eds.), *Handbook of Industrial and Organizational Psychology*, Chicago: Rand McNally, pp. 889-935.
- Thompson, L. and R. Hastie (1990) "Judgement tasks and biases in negotiation." In Sheppard, B.H., M.H. Bazerman, and R.J. Lewicki (Eds.), *Research in Negotiation in Organizations*, Greenwich, CT: JAI Press, 2, pp. 31-54
- Thompson, Leigh (1990) "Negotiation behavior and outcomes: Empirical evidence and theoretical issues." *Psychological Bulletin*, 108(3), pp. 515-532
- Tiemessen, Iris, Henry W. Lane, Mary M. Crossan, and Andrew Inkpen (1996) "Knowledge management in international joint ventures." Working Paper, pp. 1-36
- Ting-Toomey, S. (1988) "Intercultural conflict styles: A face- Negotiation theory." In Kim, Y. and W. gudykunst (Eds.), *Theories in Intercultural Communication*, Newbury Park: Sage Publications
- Ting-Toomey, S.G. Gao, P. Trubisky, Z. Yang, H.S. Kim, S. Liu, T. Nishida (1991) "Culture, face maintenance, and styles of handling interpersonal conflict: A

- study of five cultures." *International Journal of Conflict Management*, 2, pp. 275-296
- Tomlinson, James W.C. (1970) *The Joint Venture Process in International Business: India and Pakistan*, Cambridge, MA: MIT Press
- Torre, Jose De La (1981) "Foreign investment and economic development conflict and negotiation." *Journal of International Business Studies*, pp. 9-31
- Triandis, H., R. Bontempo, M. Villareal, M. Asai, and N. Lucca (1988) "Individualism and collectivism: Cross-cultural perspectives of self-ingroup relations." *Journal of Social and Personality Psychology*, 2, pp. 323-328
- Tsang, Eric W. K. (2000) "Transaction cost and resource-bases explanations of joint ventures: A comparison and synthesis." *Organization Studies*, 21(1)
- Tung, R.L. (1982) "US China trade negotiations, procedures, and outcomes." *Journal of International Business Studies*, Fall, pp. 25-37
- Tung, Rosalie L. (1984) *Business negotiations with the Japanese*, Lexington, MA: Lexington Books
- Van Maanen, J. (1983) *Qualitative Methodology*, London, Sage Publications
- Vanhonacker, Wilfried (1997) "Entering China: An unconventional approach." *Harvard Business Review*, March-April, pp. 130-137
- Varian, H. (1984) *Microeconomic Analysis*, W.W. Norton and Company, New York, Second edition
- Venkatraman, N. and John H. Grant (1986) "Construct measurement in organizational strategy research: A critique and a proposal." *Academy of Management Review*, 11(1), pp. 71-87
- Vernon, R. (1980) "The obsolescing bargain: A key factor in political risk." In Winchester, M.D., editor, *International Essays for Business Decision Makers*, Houston: Center for International Business
- Volery, Thierry and Stan Mensik (1998) "The role of trust in creating effective alliances: A managerial perspective." *Journal of Business Ethics*, Dordrecht, July
- Wagner, Cecilia L. (1990) "Influences on Sino-Western joint venture negotiations." *Asia Pacific Journal of Management*, 7(2), pp. 79-100
- Walsh, James P. (1988) "Top management turnover following mergers and acquisitions." *Strategic Management Journal*, 9, pp. 173-183
- Weiss, S.E. (1990) "The long path to the IBM-Mexico agreement: An analysis of the microcomputer investment negotiations, 1983-86." *Journal of International Business Studies*, 21(4), pp. 565-596
- Weiss, Stephen E. (1987). Creating the GM-Toyota joint venture: A case in complex negotiation, *Columbia Journal of World Business*, Summer, pp. 23-37.
- Weiss, Stephen E. (1989). The long path to the IBM-Mexico agreement: An analysis of the microcomputer investment negotiations, 1983-86, *Journal of International Business Studies*, Fourth Quarter, pp. 565-596.
- Westney, D. Eleanor (1996). "The Japanese Business System: Key features and prospects for change." *Journal of Asian Business*, Vol.12, No.1, pp. 21-50.
- Wilkins, Alan L. and William G. Ouchi (1983) "Efficient cultures: Exploring the relationship between culture and organizational performance." *Administrative Science Quarterly*, 28, pp. 468-481
- Williams, Susan Rebstock and Rick L. Wilson (1997) "Group support system, power, and influence in an organization: A field study." *Decision Sciences*, Atlanta, Fall

- Williamson, O.E. (1982) "Antitrust enforcement: Where it has been; where it is going." In Craven, John (Eds.) *Industrial Organization, Antitrust, and Public Policy*, Boston: Kluwer-Nijhoff Publishing, pp. 41-68
- Williamson, O.E. (1983) "Credible commitments: Using hostages to support exchange." *American Economic Review*, **73**, September, pp. 519-540
- Williamson, O.E. (1985) *The Economic Institutions of Capitalism*, Free Press, New York
- Williamson, Oliver E. (1975) *Markets and Hierarchies: Analysis and Antitrust Implications*, The Free Press
- Williamson, Oliver E. (1988) "Technology and transaction cost economic: A reply." *Journal of Economic Behavior and Organization*, **10**, pp. 355-363
- Williamson, Oliver E. (1992) "Markets, hierarchies, and the modern corporation: An unfolding perspective." *Journal of Economic Behavior and Organization*, **17**, pp. 335-352
- Williamson, Oliver E. (1993) "Opportunism and its critics." *Managerial and Decision Economics*, **14**, pp. 97-107
- Williamson, Oliver E. (1996) "Economic organization: The case for candor." *Academy of Management Review*, **21**, pp. 48-57
- Williamson, Peter J. (1997). "Asia's new competitive game." *Harvard Business Review*, Sept-Oct, pp. 55-67.
- Yan, Aimin (1993) "Bargaining power, management control, and performance in international joint ventures: Development and test of a negotiations model." Ph.D. thesis, The Pennsylvania State University
- Yan, Aimin (1998) "Structural stability and reconfiguration of international joint ventures." *Journal of International Business Studies*, **29**(4), Fourth Quarter, pp. 773-795
- Yan, Aimin and Barbara Gray (1994) "Bargaining power, management control, and performance in United States-China joint ventures: A comparative case study." *Academy of Management Journal*, **37**, pp. 1478-1517
- Yan, Aimin and Ming Zeng (1999) "International joint venture instability: A critique of previous research, a reconceptualization, and directions for future research." *Journal of International Business Studies*, **30**(2), Second Quarter, pp. 397-414
- Yeh, Rhysong and John J. Lawrence (1995) "Individualism and confucian dynamism: A note on Hofstede's cultural root to economic growth." *Journal of International Business Studies*, **26**(3), pp. 655-669
- Yin, Robert K. (1984) *Case study research: Design and methods*, Beverly Hills, CA: Sage Publications
- Yin, Robert K. (1993) *Applications of Case Study Research*, Newbury Park, Sage Publications
- Yin, Robert K. (1994) *Case Study research, Design and Methods*, Second edition, CA: Sage Publications
- Yoo, Sangjin and Sang M. Lee (1987). "Management style and practice of Korean Chaebols." *California Management Review*, **29**(4), Summer, pp. 95-109.
- Yoshino, Michael Y. and U. Srinivasa Rangan (1995) *Strategic alliances: An entrepreneurial approach to globalization*, Boston, MA: Harvard Business School Press
- Young, Louise C. and Ian F. Wilkinson (1989) "The role of trust and co-operation in marketing channels: A preliminary study." *European Journal of Marketing*, **23**(2), pp. 109-122

Zucker, L.G. (1986) "Production of trust: Institutional sources of economic structure 1840-1920." In Straw, B.M. and L.L. Cummings (Eds.), *Research in Organizational Behavior*, Greenwich, CT: JAI Press, 8, pp. 53-111