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**TOWARDS AN EXPLANATORY MODEL OF NEGOTIATION
BEHAVIOUR IN JOINT VENTURES**

Abstract:

In light of the scant evidence available both theoretically and empirically on the negotiation processes involved in joint ventures and strategic alliances in general, this study proposes a holistic model for determining negotiation behaviour in joint ventures. The way in which negotiators communicate and exchange information not only affects the success or failure of the negotiation outcome, but also the correct implementation and consequent performance of strategy. Focusing on factors of a contextual nature, three main factors are proposed whose interrelations have a notable impact on determining negotiation behaviour: the power-dependence relationship between partners, time pressure and cultural differences. An initial empirical approximation is presented through the study of three cases of 50:50 joint ventures along with the consequential implications of the study for managers.

Key words: negotiation behaviour, joint ventures, negotiation context

TOWARDS AN EXPLANATORY MODEL OF NEGOTIATION BEHAVIOUR IN JOINT VENTURES

1. Introduction

The 1980s and 90s simultaneously witnessed a boom in joint ventures and in studies focused on the possible factors and explanatory processes of their *performance*. However, despite the fact that the literature has highlighted the role of the negotiation process in the correct implementation of joint ventures and their *performance* (i.e. Ring and Van de Ven, 1994; Menguzzato, 1992; Ariño and De la Torre, 1998; Morosini, 1998; Valdés, 1998; Altamira, 2000), relevant existing theoretical and empirical evidence is scant.

Negotiation processes involve the culmination of all previous stages and represent the moment when satisfactory bases for achieving future success should be laid down (Valdés, 1998). It is a process that defines not only the formal content of an agreement, but also provides a context where the sides learn about each other, thereby creating expectations on future behaviour and, therefore, a relationship of trust arises between partners (Menguzzato, 1992). It is argued that the negotiation outcome affects the subsequent implementation of strategy. Thus, the negotiation process represents the nexus between the formulation of strategy and its implementation (Saorín, 2006).

Negotiation literature highlights the role of negotiation behaviour as a key determinant of negotiation outcome. The way in which negotiators communicate and exchange information affects the outcome reached via the negotiation (Ghauri, 2003a), which may not only differ with regard to content but also in quality (in terms of reducing initial levels of uncertainty and ambiguity and the relationship of trust between the sides) (Saorín and Iborra, 2008). Two perspectives or general ways of negotiating can be discerned that differ in the way negotiators communicate and exchange information. Negotiations can be developed from an integrative standpoint or a competitive one,

depending, not only on the personal traits of the negotiators, but also on the particular negotiation context (Rubin and Brown, 1975; Graham, 1983; Adler et al., 1992).

However, despite the role played by negotiation behaviour in determining the outcome of the process and, consequently, in the implementation of strategies, the analysis of how negotiation behaviour is determined constitutes an area that is almost overlooked in the case of joint ventures. Therefore, focusing on the impact of context, although some studies analyse the influence of certain contextual factors on negotiation processes in joint ventures, and in particular on reaching an outcome, there are very few that look precisely at the direct impact of context in determining one or other negotiation behaviour. Studies by Ring and Van de Ven (1994) and Ariño and De la Torre (1998) which might be considered as exceptions, are limited to expressing ideas on the desirability of adopting collaborative or integrative behaviour in negotiations concerning strategic alliances due to the implications for subsequent implementation. However, they do not contain a thorough analysis of the means of determining negotiation behaviour. Thus, previous studies highlight the underlying context-behaviour-outcome relationship by directly analysing the context-outcome relationship. In this sense, we find studies that have analysed the impact of the power-dependence relationship in the negotiation process and its outcomes (Yan and Gray, 1994; Brouthers and Bamossy, 1997; Altamira, 2000; Yan and Gray 2001) or that of cultural differences (Weiss, 1987, 1990; Morosini, 1998; Rao and Schmidt, 1998; Walsh et al, 1999; Hoon-Halbauer, 1999). It should also be pointed out that analysis has always focused on the impact of a factor on the development and outcome of a negotiation at an individual level, with no previous studies that adopt a holistic perspective.

In an attempt to bridge the existing gap in the literature on joint ventures, we propose a model of the determinants of negotiation behaviour in this type of strategic alliance based on a holistic approach. Negotiations in joint ventures are characterised by a complex, unique environment in which diverse factors interact simultaneously, and

it is therefore essential to analyse how negotiation behaviour is determined, taking into account the interrelation between the impact of contextual factors. In particular, as a result of the interconnections between literature on negotiations and that of joint ventures, we propose three main determinants of negotiation behaviour in joint ventures: the power-dependence relationship, time pressure and cultural differences.

2. Preliminary Theoretical Framework

2.1. Negotiation behaviour and negotiation outcomes

Negotiation behaviour is the exact way in which negotiators communicate with one another (Ghauri, 2003a) or, in other words, the set of visible communication tactics or actions (either verbal or non-verbal) that each negotiator directs at a counterpart (Rubin and Brown, 1975; Putnam, 1990; Adler et al., 1992; Rao and Schmidt, 1998, Saorín, 2008a). Sides in a negotiation can adopt different types of behaviour according to the type of tactics involved. The literature distinguishes between integrative and competitive negotiation behaviour. However, in this study, such a distinction is not regarded as a dichotomy, but rather as a *continuum* (Saorín, 2008a). We thus propose the idea of a *continuum* of behaviours located between the purely competitive and purely integrative styles, wherein there are several types of behaviour that exist somewhere between the two extremes.

Integrative behaviour implies the exchange of information in an open, forthright and honest way. Consequently, negotiators that display this type of behaviour frequently tend to use tactics such as questions and self-disclosures (Adler et al., 1992),¹ thereby

¹Using ideas from the proposal by Graham (1985: pp. 88), characterise different negotiation behaviour according, among other factors, to a series of verbal tactics such as:

Promise: A statement in which the source indicated his intention to provide the target with a reinforcing consequence which source anticipates target will evaluate as pleasant, positive, or rewarding.

Threat: Same as promise, except that the reinforcing consequences are thought to be noxious, unpleasant, or punishing.

Recommendation: A statement in which the source predicts that a pleasant environmental consequence will occur to the target. Its occurrence is not under the source's control.

Warning: Same as recommendation, except that the consequences are thought to be unpleasant.

Reward: A statement by the source that is thought to create pleasant consequences for the target.

Punishment: Same as reward, except that the consequences are thought to be unpleasant.

Positive normative appeal: A statement in which the source indicates that the target's past, present, or future behaviour was or will be in conformity with social norms.

Negative normative appeal: Same as positive normative appeal, except that the target's behaviour is in violation of social norms.

Commitment: A statement by the source to the effect that its future bids will not go below or above a certain level.

Self-Disclosure: A statement in which the source reveals information about itself.

establishing effective communication between the sides. This type of behaviour leads negotiators to request and obtain all the information they need from their counterparts, clearing up the points that concern them or which contain a degree of uncertainty or ambiguity, as well as dealing with all the key issues that will go to form the basis of the future functioning of the relationship in the greatest detail possible (Morosini, 1998; Saorín 2008a).

Conversely, competitive negotiation behaviour involves hiding information, and particularly basic information. When the sides present competitive behaviour, communicative interaction is ineffectual because they often use tactics such as commands, negative appeals, threats or interruptions (Adler et al., 1992). Negotiators often supply information in a biased way or offer options that are conditioned and communication is established by emphasising the negative effects certain decisions might entail (penalties) (Saorín and Iborra, 2008).

Previous studies have demonstrated the positive relation that exists between integrative negotiation behaviour and the attainment of mutually satisfactory agreements (Rubin and Brown, 1975; Pruitt, 1981; Adler et al., 1992; Tjosvold et al., 1999). This type of behaviour engenders mutual understanding, the creation of trust between the sides, a reduction in uncertainty and, consequently, allows both mutually satisfactory agreements to be reached and for long-term commitments to be made with regard to the negotiated relationship. According to Luo (2001: pp. 179) a close relationship between partners is “a source of enduring commitment from each party over time”. As stated by Stamato (2004), forming a sound relationship with partners in a negotiation is, to a large extent, what allows us to establish a strong commitment to the agreement enabling qualitative, harmonious implementation.

The success of a negotiation depends on whether the outcome enables the correct implementation of the negotiated relationship (Ghauri, 2003a). In joint ventures, it is not only essential for an agreement to be reached during the negotiation process the

Question: A statement in which the source asks the target to reveal information about itself.

contents of which contain all detailed aspects that are fundamental to the future functioning of the strategy, but also the quality of the outcome itself appears to be crucial in terms of the relationship created between the sides (trust).

In the area of interorganisational relations, and more exactly in that of joint ventures, there exists a consensus of opinion on the importance of creating a relationship of commitment and trust during negotiation with the objective of enabling satisfaction on all sides, as well as the subsequent implementation of the agreement (i.e. Dyer and Chu, 2000; Ariño et al., 2001; Luo, 2001; Currall and Inkpen, 2002; Demirbag et al., 2002; Reus and Ritchie III, 2004; Inkpen and Currall, 2004). This is why it is argued that integrative negotiation behaviour is desirable for joint ventures, due to the positive effects on implementation (Ring and Van de Ven, 1994; Ariño and García, 1996; Ariño and De la Torre, 1998).

The inverse relation occurs with competitive behaviour (Rubin and Brown, 1975; Ury et al., 1988; Weiss, 1997; Tjosvold et al., 1999; Munduate and Medina, 2005). Studies have shown that it is linked to negotiation failure because it hinders reaching an agreement. In addition, in cases where an agreement is eventually reached, competitive behaviour leads to dissatisfaction of at least one of the parties, with the subsequent negative effects on implementation and *performance* of strategy. This situation makes it difficult to maintain any type of commitment towards the relationship and, therefore, negotiating from a competitive perspective clearly leads to failure in the case of joint ventures, which, by definition, contain strategies that look to long-term commitment as a basic premise.

However, during negotiation interaction, partners can display different types of behaviour that have either an integrative or competitive orientation (Lax and Sebenius, 1986). If we consider the ideas of Roure (1997) or Sánchez (2005), one type of behaviour will always predominate over the rest, thereby having an effect on the determination of the negotiation process outcome.

Command: A statement in which the source suggests that the target perform certain behaviour.

Due to the influence of negotiation behaviour on outcome, and consequently on the correct implementation of strategy, understanding which factors enable or hinder the determination of integrative behaviour as being desirable in the case of joint ventures brings up an essential research question.

2.2. Determining factors in negotiation behaviour

Despite the fact that negotiation behaviour is desirable in joint venture negotiations with a view to reaching a successful outcome, the question should be posed as to why these processes sometimes develop on a competitive basis. In order to answer this question, we must look to two branches of literature; negotiation literature, which provides studies that focus on the impact of diverse factors on negotiation processes and outcomes, and the literature on joint ventures, which highlights the factors that have a marked influence on performance and in particular, on negotiation processes. As a result of the interconnection between these types of study, whilst highlighting the multifactor nature of negotiation behaviour, as well as focusing on the negotiation context, we propose a holistic model for determining negotiation behaviour in joint ventures, which is mainly influenced by three contextual factors, the power-dependence relationship, time pressure and cultural differences (Figure 1).

Power-Dependence Relationship

Negotiation is a mixed game that represents a situation in which conflict and interdependence coexist (Schelling, 1960). On the one hand, negotiating parties do not pursue common interests, but other interests exist either of a complementary nature or as a cause of conflict. On the other, sides negotiate because they need to reach an agreement with their counterparts with a view to achieving their own objectives. Such a situation becomes even clearer where joint ventures are regarded as a strategy meant for managing the existing interdependence between partners (Pfeffer and Salancik, 1978). This is why the power struggle is essential for understanding negotiation behaviour. However, the power-dependence situation can either be balanced or

imbalanced, thus influencing in different ways how sides communicate and exchange information (Rao and Schmidt, 1998; Ghauri, 2003a).

Along the lines of the ideas proposed by Emerson (1962), the power-dependence situation is dependent upon the availability of alternatives to the parties involved in order to achieve their objectives. Therefore, the greater the number of alternatives (or the existence of alternatives of greater value) possessed by one of the partners, the greater their power will be over the negotiation. In the case of joint ventures, these alternatives (better alternatives to a negotiation agreement, or BATNAs (Fisher et al, 1983)), can be in relation to another firm involved in the negotiation or to other strategic options that allow the party to attain the objectives or resources targeted in the joint venture (Altimira, 2000).

However, the strength of BATNAs is influenced by asymmetries of information because, at the beginning of the negotiation, parties do not possess all the information on the process or on their counterparts. These asymmetries can lead the sides to erroneous perceptions of the balance or imbalance of existing power and, consequently, display inadequate negotiation behaviour (Saorín, 2004; Sánchez, 2005; Munduate and Medina, 2005). The power relationship is a question of perception.

Previous studies show that, in situations where there is an imbalance of power, the side that sees itself as being in a stronger position tends to use that power to its advantage and is therefore more reticent when accepting demands from the more dependent side. Pressure is put on the counterpart via the threat of resorting to one of their BATNAs or alternatives (either strategically or as a partner). Therefore, when faced with an imbalance, the least dependent side tends to negotiate competitively. In contrast, when the negotiating context is characterised by an even balance of power, evidence suggests the clear tendency to adopt integrative behaviour. Both sides see each other as dependent and are willing to accept the other's demands (Rubin and Brown, 1975; Bacharach and Lawler, 1981; Rao and Schmidt, 1998; Saorín, 2004).

Time pressure

Parties in a negotiation may perceive time pressure, which can affect the course of the process. Time pressure appears in the literature as a determinant of negotiation behaviour and is defined as the feeling of need or desire to end the negotiation as soon as possible (Saorín, 2008b).

Based on a review of the literature, time pressure in the process of joint venture negotiations can be viewed as being basically determined by the time available to negotiate, the need for secrecy and negotiator orientation (towards achieving an agreement or a relationship of trust between the sides).

The time needed to negotiate and reach an agreement differs according to the relationship being negotiated and, in particular, its complexity (the topics that need to be dealt with) (Cohen, 1980). In cases of greater complexity, parties can be expected to need longer in order to reach an agreement, and even more so if the aim is to reach a mutual understanding as in the case of joint ventures. However, negotiation time can be established either internally or externally. On occasions, the negotiators themselves establish a deadline, by which time they believe an agreement should have been reached or the process should be complete, even when they have more time available. Partners may consider that prolonging the process further would not lead to any kind of improvement in the agreement (an exclusively internal decision on the deadline). However, in other situations, the deadline may be externally conditioned. This would be the case, for example, of the need to reach a previous agreement before a contract is awarded or due to the possibility of information being leaked that might hinder the progress of the negotiation. Previous studies clearly suggest that in cases such as joint ventures where the firms involved are listed on the stock market, knowledge of the negotiation process brings about a reaction reflected by the anticipated value of the operation in the capital market (Koh and Venkataraman, 1991), which can be either positive or negative. It can therefore be concluded that some negotiation processes in joint ventures should be undertaken in secrecy, in an attempt to prevent internal or

external interference that might cause the final deal to fail or have possible repercussions on the value of the firms involved.

Therefore, the need for secrecy can influence the time available through the internal establishment of deadlines. Faced with the obstacle of a possible information leak and the consequential reactions of internal or external agents, the firm may opt to establish an earlier deadline than in cases where there are no external conditioning factors. In addition, and in accordance with the ideas of Ghauri (2003a), the need for secrecy may respond to cultural issues pertaining to one or more of the parties.

In both cases, (internal and external determination), as the deadline draws near and the perception is that of a situation that entails loss of opportunity or negative consequences, faced with the prospect of running out of enough time to negotiate and reach an agreement that will satisfy all interests, parties feel the need and/or desire to finish the process (time pressure) (Stuhlmacher et al, 1998; Saorín, 2008b). The perception of running out of time is what turns an approaching deadline into time pressure (Stuhlmacher et al, 1998).

To understand how the time available is a source of time pressure, it becomes essential to analyse the way parties use their time, or their timing pattern. Negotiators differ in their timing systems, both as individuals and as members of an organisation or national culture. Therefore, determining and modifying deadlines and the use of time available for negotiation differs according to the time patterning of each negotiator, factors that can subsequently influence the amount of time pressure perceived in the negotiation (Usunier, 2003).

Equally, and in the opinion of Li and Labig (2001), negotiator orientation is a key factor with regard to the perception of time pressure. These authors believe that when negotiating parties are more concerned with reaching an agreement than with establishing a relationship of trust or mutual understanding, they focus on obtaining an agreement as quickly as possible rather than on fostering a healthy, cooperative environment which will act as a crucial element for the successful implementation of

the agreement. Conversely, it can be concluded that negotiators whose aim is to create a relationship of trust are aware of the need to not overly accelerate the process with a view to devoting enough time to reach a mutual understanding, and generally manage time better in cases with an approaching deadline.

Once again, however, negotiator orientation is influenced by culture and background (Ghauri, 2003a). The importance endowed to a relationship of trust is an inherent aspect of negotiation processes that has an impact on the way they develop. Certain cultures focus on long-term relationships while others are markedly more directed at achieving an agreement (Usunier, 2003; Ghauri, 2003a).

With regard to negotiator orientation, it can be stated that in the case of joint venture negotiations, the possible intervention of third parties should be included in the analysis. Such negotiation processes are complicated as they involve the creation of a new business with the participation of two or more parent firms that maintain their autonomous status. Such complexity may require the participation of third parties with the aim of helping the negotiating sides to reach a satisfactory mutual agreement by reconciling the various interests (Druckman, 1994). However, that intervention may be exclusively limited to the prenegotiation and/or negotiation stages. In this case, they are normally paid according to the overall value of the deal and not for the number of hours worked. Previous studies indicate that, in such cases, third parties show personal commitment towards reaching an agreement, thereby speeding up the process as much as possible (desired time pressure) (Druckman, 1994; Kosnick and Shapiro, 1997) and do not entirely focus on creating an atmosphere of trust and cooperation that can be maintained in the long-term, nor are they concerned with aspects that might be a source of conflict in the future.

The time pressure perceived by different sides in a negotiation as a consequence of the factors mentioned above appears as a determinant of negotiation behaviour. However, despite the fact that some studies argue the positive effects of time pressure on integrative behaviour, in this study, we lean more towards the opinion of a negative

effect. We base this conclusion on the effects of complexity on the process and the negotiator's role as representative, aspects that characterise joint venture negotiations. Carnevale et al. (1993) state that in complex negotiations (with a sizeable number of points to be negotiated), time pressure is a hindrance to dealing with all the key aspects and therefore to reducing uncertainty and reaching a mutual understanding. In other words, it is not conducive to adopting integrative behaviour or establishing effective communication (an open, transparent exchange of information). Mosterd and Rutte (2000) conclude that, under time pressure, negotiator expectations of reaching an agreement, and with those of the collective they represent (the firm), are reduced. It is for this reason that negotiators tend to behave competitively, running the risk of not reaching an agreement and thus attempting to be better valued in the eyes of the collective they represent should an agreement be reached.

The impact that time pressure has on the negotiation climate should also be added to the points above. Ghauri (2003b) states that, when time pressure is perceived, the different sides tend to manage the situation by using their own timing systems. The differences between these systems can lead to a negotiation atmosphere of conflict that does not allow long-term expectations to be identified for the future relationship. Consequently, when faced with time pressure, a tendency towards competitive behaviour is to be expected, thus impeding reflection and discussion on key issues and the exploration of options that will lead to satisfaction and mutual understanding (Stuhlmacher and Champagne, 2000; Saorín, 2008b).

Cultural Differences

Culture is defined in the literature as a set of values and knowledge that influences the way people perceive, relate and interpret information and, consequently, how they take decisions and solve situations of conflict. Therefore, the existence of different cultures in negotiating sides influences the way in which negotiators communicate and exchange information, in other words, negotiation behaviour.

There are three sources of cultural differences that can surface in interorganisational relationships and so in joint venture negotiations, the differences can arise from national culture, organisational culture and/or professional culture.

When negotiations develop among firms that belong to different nationalities, differences in attitudes towards values and symbols affect the communication and exchange of information, hindering the reaching of a mutual understanding or mutually satisfactory agreements. The impact of the differences in national culture in negotiation processes has been, and continues to be, the topic that receives most attention from researchers. However, it should be pointed out that previous studies along these lines are mostly of an intracultural nature and although in some cases, they provide a comparative analysis between different national cultures (i.e. Graham, 1983; Campbell et al 1988; Graham et al, 1994), studies on intercultural negotiations are few and far between. One of the few exceptions is the study by Brett and Okumura (1998) in which it is concluded that the greater the number of cultural differences, the less the likelihood of negotiators presenting integrative behaviour in the face of communication problems that arise from differences in patterns of the perception and interpretation of information.

Cultural differences can also spring from organisational culture, given that joint venture negotiations involve the interaction of firms without a common history (Iborra, 2002). Different styles of management and different ways of doing things can give rise to mistakes in interpretation and suspicions that can only favour the appearance of competitive behaviour.

Lastly, the third source of cultural differences arises from professional cultures, described by Weiss (1999) as a set of values that characterise the members of a profession, and which guide behaviour and decision criteria. The complexity of some interorganisational negotiations requires the participation of third parties (lawyers, financial experts...) who have their own ways of interpreting, perceiving and evaluating both information and actions (Weiss, 1999). These parties tend to focus on specific

topics related to their specialisation, thus making mutual understanding more difficult to reach and enabling the appearance of communication problems. This situation could equally arise in the case of a strategic alliance in which the partners belonged to different sectors, as the idiosyncrasies of each activity might hinder mutual understanding. However, some authors propose that the perspective adopted by the negotiating team is an important aspect to bear in mind, along with its composition. Thus, although negotiating teams are made up of specialists (with greater differences in professional culture), the team can be endowed with a generalist perspective, thus exerting a moderating influence on communication difficulties. This would be the case of processes and teams led, for example, by the CEO or by mid-level managers directly involved in the activity in question in a joint venture (Iborra, 2002).

Whatever type of cultural differences may be present in joint venture negotiations, evidence points to the fact that they lead to communication errors and hamper the open, total exchange of information, or the attainment of mutual understanding and so negotiators display competitive behaviour as a result of suspicions that can arise (Brett and Okumura, 1998; Weiss, 1999; Ghauri, 2003a; Saorín and Iborra, 2008).

In short, all the previous ideas can be expressed through the following proposals which also appear in figure 1. The model proposes that negotiation behaviour in joint ventures is mainly determined by three contextual factors that interact with each other. Integrative behaviour is clearly the approach that will ensure a successful negotiation as it enables the correct implementation of strategy.

Proposal 1: The greater the perception of an even balance of power, the greater the likelihood of integrative behaviour in joint venture negotiations.

Proposal 2: The greater the number of cultural differences, the lesser the likelihood of integrative behaviour in joint venture negotiations.

Proposal 3: The greater the perception of time pressure, the lesser the likelihood of integrative behaviour in joint venture negotiations.

FIGURE 1

3. Investigation Methodology and Design

Due to the fundamental aim of this study and the nature of the research question, a qualitative case study research approach based on personal interviews was considered to be the most appropriate research strategy for use here (Yin, 1994). The case studies included should be considered as a first step towards validating the usefulness of the proposed model. It is based on extensive interview material obtained from key actors involved in three cases of 50:50 joint venture negotiations, which involved the participation of at least one Spanish firm. The characteristics of all the firms involved in the negotiation process, as well as each of their individual objectives with regard to the respective joint ventures are presented in table 1. For reason of confidentiality, the names of the firms have been modified.

The first negotiation process analysed is that of the Sarvi joint venture. The creation of this joint venture implied a first step for both partners towards being publicly awarded the management of the water system in the town where the firm Coisa was located. In this case, the CEO, managing director and director of operations from the firm Acasan were involved, whilst on the part of Coisa, only the CEO participated; who was one of the five brothers that owned the firm.

The second case had a cross-cultural aspect to it and was undertaken by two firms in the energy sector. Enarfer, who specialised in electrical energy and Enaso, a Portuguese firm whose expertise lay in renewable energy. The key agents on the part of the Spanish firm in the negotiation process were the CEO, the Director of Planning-Control and the Director of the Electrical Energy unit, whilst the CEO and the Director of Operations were the negotiators for Enaso.

The third case also corresponds to a negotiation process involving a Spanish firm, Sareban, and a German one, herein named Gawrow. Both were involved in the

industrial paint sector, although the second specialised in automobile coating and possessed state-of-the-art technology for this type of product. The only agents involved in the negotiation were the respective CEOs.

In all cases, at the moment the agreement was reached, lawyers from each of the firms intervened exclusively for this purpose.

TABLE 1

3.1. Case selection and methods used for gathering empirical information

In terms of case selection, we gathered information from the business and financial press. All selected cases fulfilled a set of criteria: 1) they were negotiations conducted within the last five years at the moment of the study, 2) they involved only two firms, at least one of these being Spanish and 3) both firms had previous experience in negotiations (either joint ventures or other strategies). These criteria, in our view, enabled us to gather more precise information, thus reducing the problem of information loss. The participation of Spanish firms facilitated the logistics of carrying out different interviews related to the cases (for geographical reasons). Experience in negotiation was also considered an important criterion for gathering more information about the particularities of this joint venture negotiation compared to others.

The information on the cases analysed was gathered by interviewing top level or mid-level managers firstly based on their condition as key participants in the negotiation process (table 1). Gaining access to these firms proved to be a challenge. All the information required was gathered and, in line with established qualitative research protocol (Yin, 1994), information from the interviews was triangulated using the internal documentation we were provided with and then contrasted with the opinions of different interviewees from the same firm and from the counterpart, where applicable. In only one case was access to internal documentation denied for reasons of confidentiality. However, the CEOs from both firms were interviewed, thereby enhancing data triangulation. After the

interviews, we were allowed to check the internal documentation for one and a half hours. Throughout this time, we took notes on the main ideas and points of the interviews. We attempted to establish divergences in comparison with the information gathered from the interviewees.

A *story telling* approach was adopted for the interviews, during which we asked interviewees to tell us how the negotiation was carried out and which aspects or factors they considered to be essential in the final outcome. However, this does not imply that the interviewer adopted a passive stance and the strategy used was more along the “creative” lines described by Douglas (1985). He suggested that “interviewing creatively implies the use of many different interaction strategies and tactics based on an understanding of feeling and intimacy with a view to optimizing cooperation and the creative search for mutual understanding” (Douglas, 1985: 25).

Before the interviews took place, as much information as possible was gathered on the case, by examining the firms’ websites as well as newspaper reports so as to gain a better understanding of the negotiation process context.

The interviews lasted for an average of two and a half hours and were reasonably intensive. Notes were taken although the interviews were recorded in their entirety and transcribed *verbatim* within 1 day of each session. The main topics discussed were the motives for the joint venture; the reasons for selecting the negotiation partner; their opinion on the importance of the negotiation process in terms of the subsequent implementation of strategy; their opinion as to what should be understood as a positive outcome in joint venture negotiations; their assessment of the outcome; the identification of key factors in determining the outcome; power relationships between the factors and the firms; attitudes amongst negotiators; level of communication established (exchange of information); the relationship created between the sides; the evolution of attitudes and exchange of information; and what was learnt from the experience of this type of process. The interviews were analysed using data reduction, display, conclusion drawing and verification (Miles and Huberman, 1994). During the data reduction stage, and focusing on the

purpose of this study, the interviews were simplified into four categories (Table 2): (1) power-dependence relationship, (2) cultural differences, (3) time pressure and (4) negotiation behaviour and its evolution.

TABLE 2

3.2. Assessment and validation procedures

The interviews were processed by way of a pattern matching technique (Miles and Huberman, 1994; Yin, 1994). Throughout the data display stage, the information was organised to draw conclusions. The patterns were used in the verification and conclusion-drawing phase. Hence, firstly, the information was split into four categories as previously mentioned. Each category was assessed via certain indicators proposed by the literature (negotiation or joint ventures) (Table 2).

The assessment of all indicators was carried out mostly through the use of seven point semantic scales². It is important to highlight that an expert on management, to whom the transcripts of the interviews were given, validated all the assessments. The validation procedure used was the method proposed by Larsson and Finkelstein (1999). This method demands that, in the case of non-convergence in the assessments (from different researchers), these have to be discussed in order to reach an agreement. Finally, the assessments were checked establishing a feedback process with all interviewees.

3.2.1. Power-dependence relationship

Firstly, information was obtained on the number of alternatives that were available to each of the partners, as well as the perception of their value. The Sarvi case was the only one where objective differences could be found in the number of alternatives, both with regard to the negotiation partner and in terms of strategy. As was highlighted in

² A semantic scale of seven points has the following categories: very low, low, medium-low, medium, medium-high, high and very high. Semantic scales have been widely used in qualitative research. But in this study, scales of seven points have been used as in studies by Tjosvold et al (1999) and O'Connor et al (2001). They enable the confirmation of the perceptions, attitudes

the interviews, Acasan could have opted for the public award on its own, but decided to form an alliance with a local firm with good contacts in order to reduce risks. In the words of one of the interviewees from Acasan: “Coisa was the best potential local partner, both because they had perfect knowledge of the award and also because it is an extremely important firm with a good reputation locally, a key factor in securing the contract”. For his part, the CEO at Coisa declared that they were extremely interested in being awarded the contract and the only means of doing so was to form an alliance with a firm that functioned as an operator in the water supply sector. He also indicated that “although we had the chance to negotiate with Acasan’s direct competitor based in our area, the reputation and know-how offered by Acasan led us to consider them as the only real possibility for securing the contract”.

In the Enaso-Enarfer case, the interviewees indicated that both firms had alternative partners (more than six), although, as one of the manager interviewees put it: “right from the start of the negotiations, there was a feeling of mutual understanding with Enaso, which continued right up to the end [...] We value each other as the perfect tandem for attaining all our objectives”. Enarfer could have considered entering the Portuguese market alone, but again, with the idea of reducing the amount of risk, they deemed it more desirable to enter into an alliance with a local partner. Interviewees told us that Enaso also had alternative strategies, although the exact number was not provided.

In the Gawrow-Sareban case, the choice of partner was the result of a first approximation on the part of the German firm to the Spanish one for logistic reasons. The CEO of Sareban indicated that neither other partners nor any other strategy were ever considered for carrying out the project of a joint venture. As he stated: “for Sareban, allocating resources to the technological development involved in this joint venture, would have implied incurring high costs and so, the best way of solving the issue was through a partner specialised in that technology”. For his part, the CEO at

and opinions of the interviewees. Seven-point semantic scales allow differences among replies from interviewees to show up

Gawrow highlighted the fact that they had always focused the aim of entering into the Spanish market through establishing a strategic alliance with Sareban, as they already knew them as a partner in other types of association and trust was fundamental for the success of such an alliance.

Finally, information was obtained on the perception of the balance of power. In no cases was it implied that either of the partners enjoyed a greater position of power in the negotiations. All managers interviewed underlined the existence of a relationship of mutual interdependence, without this implying if an agreement were not eventually reached, a problem for the survival or functioning of firms. This was key to the analysis of the balance of power.

3.2.2. Time pressure

Firstly, information was gathered on the length of the negotiation, the perception of time availability and factors that determined the deadline. At Sarvi, managers stated that the negotiation process lasted for around 3 months and that the date of the contract award for the indirect management of the water system of which both parties wished to bid for as part of a joint venture was the determining external factor in the establishment of a deadline. They indicated that they did not perceive a lack of time for reaching a negotiation agreement. One interviewee indicated that “the negotiation was quick and without any major hiccups, which meant that there was sufficient time to reach an agreement under the terms we wanted”. Speed was a fundamental element in assessing the real amount of time available.

At Enaso-Enarfer, negotiation sessions went on for 8 months, and as indicated by the interviews, no deadline was set with the intention of extending negotiation time for as long necessary in order to reach a mutually satisfactory agreement. Conversely, in the Gawrow-Sareban case, where the process lasted for 9 months, time availability was similar to that of the Sarvi joint venture and the deadline was established via an

more clearly.

external conditioning factor. Both CEOs indicate that although there was not an excessive amount of time pressure, and they therefore had sufficient time, in the final stage, and only then, the process had to be speeded up and the agreement signed due to the arrangements required for the technological transfer involved.

With regard to the need to develop negotiations in secret, clear differences were detected between the three cases. At Sarvi, interviewees indicated that there was no need to hold the negotiations in secret, although discretion was employed. In the words of one of their managers: “external interference was very unlikely due to the small amount of time up to the contract award, but discretion is always a good thing”. Conversely, in the Enaso-Enarfer case there was a greater need for secrecy due to both internal and external factors. Interviewees indicated that a period of exclusivity and confidentiality was established with a view to avoiding interference externally (due to the interests of external agents interested in the operation not being successfully completed) and any internal interference that might endanger the relationship between the firms. One interviewee underlined the fact that: “it was very important to announce the agreement jointly in order to avoid reactions that might be a hindrance.”

For their part, at Gawrow-Sareban the need to negotiate with discretion was highlighted. The CEO at Sareban commented that: “[...] it was advisable not to announce the alliance until it had been signed to avoid interference. However, some customers already knew of the negotiations with Gawrow because we carried out a previous market viability analysis of the joint venture”.

Finally, and in relation to the behaviour shown by the negotiators in all interviews the need was highlighted to create a relationship of trust between the partners and the fact that merely reaching an agreement was regarded as pointless. In the words of one of the interviewees: “the important thing in this type of relationship is understanding amongst partners because an agreement in itself is useless [...] circumstances can change and without a sound relationship things just don’t work out in the long run”. Also, in none of the cases was there direct participation from third parties that might

have focused more on reaching an agreement as opposed to creating a relationship of trust between the partner firms. We were told, however, that in all of the processes analysed here, at the final stage of drawing up the agreement, the firm's lawyers were brought in with the sole objective of overseeing the various legal aspects.

3.2.3. Cultural Differences

Enaso-Enarfer and Gawrow-Sareban are cross-cultural cases, and therefore involved differences in national culture. However, as could be discerned from the interviews, such differences did not prove to be any kind of obstacle to the smooth course of the negotiations to the point that one of the managers at Enarfer said that: "in fact, no one even noticed these differences [...] perhaps because Spain and Portugal are neighbouring countries [...] it was like negotiating with another Spanish firm". In the Gawrow-Sareban case, both CEOs pointed out the fact that the firms had previous knowledge of one another as being influential in avoiding any interpretation problems.

With regard to the differences in organisational culture, in all three cases, protocol and the ways the firms did things differed, but these differences were neither perceived nor did they hinder the negotiation process in any way. At Sarvi, the CEO of Coisa stated that: "we family firms have our own ways of doing things, but as far as the joint venture goes, the expert was Acasan, so we didn't feel it would be right to start questioning our position or negotiating the details of organisational aspects that are more to do with how to function after the contract was awarded [...] we focused on the basic things". In the Enaso-Enarfer joint venture, as the interviews indicated, the fact that both firms belonged to the energy industry meant that it was easier to find common ground in the way the two firms functioned. Whilst previous knowledge of the partners in the Sareban-Gawrow case once again meant that any differences did not lead to problems in the negotiating process, despite there being organisational differences.

Thirdly, differences in professional culture were only found in the Sarvi joint venture. Although lawyers belonging to the participating firms intervened, this participation was

reduced to the final stage of the process to draw up the agreement. In the Enaso-Enarfer and Sareban-Gawrow negotiations, either the CEOs were involved on their own or in conjunction with mid-level managers directly involved in the motives for the joint venture. Conversely, in the Sarvi case, although the main players in the negotiation were top management, the fact that they belonged to two different industries, in moments where the negotiation was centred on aspects related to the activity of water system management, it was essential for both parties to make the effort to integrate the firms' specialised perspectives, although their mutual interests helped work towards a smooth integration.

3.2.4. Negotiation behaviour

In the three cases analysed, negotiation behaviour was assessed to be integrative, although in the case of Gawrow-Sareban, the degree of integrative orientation was greater than in the others.

The interviews relative to the Sarvi case indicated that there existed a certain degree of mistrust due to a lack of knowledge of each other. However, this did not put a halt to the existence of a very relaxed, positive atmosphere accompanied by a patent willingness for mutual understanding. The CEO of Coisa admitted that: "although we initially thought that Acasan might impose their decisions on us as they were the experts in terms of water management, this wasn't the case [...] the willingness of both parties to reach an agreement that was positive for all concerned was quickly evident and that helped the fact that the exchange of information was forthright and honest".

Topics were negotiated that, from their experience in this type of negotiation according to those at Acasan, they knew would be fundamental, leaving other aspects to the good will of both sides in later discussions. In particular, the initial duration of Sarvi was negotiated, along with the ownership percentages (50%) and the areas of management to be undertaken by each side, which in the case of Acasan were operations, finance and administration. A management committee was created made

up of two people from each partner firm who would be the CEOs at Sarvi. At one point, this was going to be just one person from Acasan, given that they were the ones to be putting the joint venture in motion as the activity was in the framework of the water sector. Moreover, it was established that funding for the operation would be set at 12,020.20 euros, as well as the criteria for profit sharing and cost attribution. It was also agreed that the firms would turn to an independent tribunal if the agreement were broken by either side, as well as the possibility of including another partner were one of the sides to withdraw their investment in the joint venture or go bankrupt. All this information was contrasted using the documentation provided. However, as one interviewee pointed out: “there was just one topic that provoked greater discussion. The geographical location of the joint venture [...] However, the good faith of all concerned allowed us to easily reach an agreement”. We see this information as key for assessing the behaviour displayed in this case.

Similar circumstances occurred in the negotiations on the Enaso-Enarfer joint venture. Behaviour was integrative on both sides and this outlook was maintained throughout the process. No real critical moments arose as interviewees indicated. They underlined the fact that right from the start, the atmosphere created was extremely healthy and conducive to mutual understanding. There was interest in reaching an agreement and in creating a relationship of trust between the two sides. One of the managers stated that: “this type of operation only works if you can manage to have trust between the partners”. An exchange of information was forthcoming on everything basic, thus establishing effective communication and all key aspects were negotiated. These were focused on the object of the joint venture, the territory where the activity would take place, positioning the product and the market, along with the ownership percentage of the joint venture. The contributions to be made by each firm were also discussed. Enarfer were to contribute the know-how from the electrical sector, the infrastructure needed to make the offer, IT programs and access to purchase from the energy “*pool*” because they were able to obtain better deals on prices. Enaso, on the

other hand, were committed to providing the local know-how, providing its network of contacts and initial portfolio of customers in Portugal. A monetary contribution of almost a million euros was agreed on from both sides, as were the exit clauses, which were deliberately designed to be flexible. It was established that if either of the partners wished to withdraw from the agreement after twelve months then they could do so and sell their share of the joint venture. Lastly, objectives were negotiated for the joint venture with regard to the number of kw/hr they would set out to capture in the market in one year (400 million kw/hr), as well as the percentage of the consumer market share they set their sights on (15% to 20%). All these details were checked in the internal documentation analysed.

In addition, we were told that subsequent to signing the agreement, they decided who would have the control of the joint venture. In the words of one of the interviewees: “after the agreement, a “steering” committee was formed, which currently still runs the joint venture, made up of the partners’ CEOs, ...well, in the case of Enarfer, it was the Director of the area of Electrical Energy, and a strategic committee made up of two managers from each partner responsible for the daily running of the venture”.

Finally, at Gawrow-Sareban negotiation behaviour displayed by both sides was assessed as being the most integrative of all the cases that appear here. In fact, one interviewee admitted that: “even in the first meetings we had, there was a strong feeling of empathy. There was a clear desire for reaching a sound agreement and, above all, for working towards a close relationship between the partners”. The negotiation atmosphere was one of cordiality and trust right from the start, enabled by a previous knowledge of each other amongst firms and negotiators (CEOs). There was a rich exchange of information between the two firms and negotiations were characterised by being very open, very transparent and focused on searching for a balance of interests. One of the interviewees declared that: “we had it clear that we either achieved an excellent relationship between the firms or it made no sense to sign any agreement. We were aware that in this type of operation, collaboration should not only be

established with regard to everything signed in the agreement, but also later we should collaborate in other things that crop up as a result of that healthy relationship [...] Although discrepancies did arise, proposals were made that brought the two sides closer together. A balance was reached in interests on the more relevant aspects [...] One side was always generous with the other and neither attempted to gain more ground”.

As interviews with both firms indicated, the key aspects negotiated were the percentage share of the joint venture, its social capital, which people were to be involved, who would oversee these people, which area would the joint venture activity involve, which products would be made, the area of responsibility of the two partners (production, chemical engineering, technological development), contributions, share of control or management among partners in the joint venture (which in this case was 50%³), etc. Clauses via which the joint venture could be ended were also agreed upon, along with the independent tribunal they would turn to in the case of a conflict between the partner firms.

4. Relationship pattern analysis

The interview notes and transcripts of the three joint venture negotiation processes were analysed using the pattern matching methodology (Miles and Huberman, 1994). Some relevant findings arose from the analyses.

The evidence generated from our empirical study suggests that negotiation behaviour in joint ventures is determined, among other things, by the negotiation context. Therefore, understanding why negotiators behave one way or another requires an analysis of the interrelation between the impacts of diverse contextual factors that are simultaneously present in joint venture negotiation processes.

³ In the interviews it was mentioned that, although the management of the joint venture was shared, and the partners frequently meet to take decisions concerning the venture, the fact that the headquarters is in Spain means that the staff at Sareban are consulted and deal with more aspects due to geographical proximity.

With regard to the impact of the power-dependence relationship on negotiation behaviour, the proposed pattern can be observed in the three cases analysed. 50:50 joint ventures are associated with an even balance of power, or at least the perception of a balance (i.e. Killing, 1983; Zeira and Newburry, 1999), thereby allowing both partners to display integrative negotiation behaviour. When sides perceive that they are interdependent, they tend to exchange information freely and with transparency, with a view to achieving a relationship of mutual understanding and trust (Lax and Sebenius, 1986; Rao and Schmidt, 1998; Saorín, 2004).

However, the dependence relationship is a question of perception and can vary throughout the negotiation process, as the initial asymmetries of information are ironed out. The perception of objective alternatives can change; a fact that can be observed, to some extent, in the Sarvi and Enarfer-Enaso cases as, although the parties had alternatives, in the initial stages of the negotiation, the open exchange of information allowed for a greater flow of knowledge between the firms, and thus the perception of the available alternatives changed.

We also observed the fit of the pattern relative to the impact of time pressure on the development of the negotiation. In all cases, the existence of scarce time pressure seems to have enabled the adoption of integrative behaviour. In joint ventures, an orientation towards achieving a relationship of trust and the perception of enough time to negotiate appear as the main determinants of time pressure in negotiations. In this type of joint venture, the process is characterised by the clear desire on the part of the partners to create trust as the basis of the cooperation relationship, taking into account its importance for the correct implementation of strategy (i.e. Ariño et al, 2001; Reus and Ritchie III, 2004; Inkpen and Currall, 2004). Moreover, this awareness appears to be strengthened by the experience partners may have in this type of negotiation as observed in this study.

The conclusion can also be drawn that the involvement of external third parties paid with incentives linked to the agreement do not appear to constitute a source of time

pressure in joint ventures. In all three cases, lawyers participated in the final stage with the aim of complying with all the legal requirements of signing the agreement (preparation and signing of the contract), although these were all internally employed. Such negotiations, despite being extremely complex, are normally carried out by the top management of the partner firms with the possible participation of certain mid-level managers that might be involved with the activity regarded as the object of the joint venture.

One differentiating trait to be drawn from these processes concerns the perception of the amount of time available for the negotiation. However, the length of the negotiation does not necessarily appear to have a direct effect on perceived negotiation time. However long the process may be, this does not lead to the perception of a longer time to negotiate. Therefore, when the deadline is established due to external factors, they may be the cause of greater time pressure, at least initially. This pattern was found in the Sarvi and Gawrow-Sareban cases, in which the date for awarding the contract for managing the water system and the existing date for carrying out the technology transfer constituted the external factors that delimited the deadline for both processes, respectively.

With regard to this last pattern, the evidence generated suggests the possible moderating effect of experience. In both cases, the experience of firms in this type of process enabled a better management of the available time, mainly negotiating (to the depth required in each case) those topics considered as essential and postponing the others until after the agreement.

In terms of the need for secrecy, our study led us to two conclusions. Firstly, the evidence generated suggests that more than secrecy, in joint ventures, it is more a matter of discretion. In this sense, the sides, as an indicator of formality, tend to negotiate exclusively with one partner and attempt to avoid information leaks that might hinder the smooth course of the negotiation. However, and secondly, it can be observed that certain factors such as the international nature of the joint venture can

involve, conversely, the need for secrecy, as was the pattern of the Enaso-Enarfer case. However, in our view, this is not due to the impact of national culture, but, in the case of international joint ventures, to the possibility of negative reactions that can increase and thus propel the development of processes with greater caution (secrecy), especially when they involve firms listed on the stock market.

The influence of culture as a determinant of the perception of available time, on the need for secrecy and on negotiator orientation was not patent in the three cases studied. This does not necessarily imply that the timing pattern characteristics of the firms coincided in their cross-cultural processes. It was more the availability of sufficient time that apparently avoided the possible appearance of problems concerning differences in time systems.

On the direct impact of differences in national culture on the development of the negotiations, the study does not find a fit to the pattern. Thus, in cross-cultural negotiations, the sides communicated with a clearly integrative orientation. In this sense, it could be proposed that the key aspect is not the existence of cultural differences in themselves, but rather the distances between cultures. In the Enarfer-Enaso case, the proximity of the Spanish and Portuguese cultures may explain why interviewees reported that it was like negotiating with a Spanish firm, thereby avoiding any problems of interpretation. A different pattern can be seen in the Sareban-Gawrow case where despite the distance between the Spanish and German cultures, communication was totally effective. The reason may lay, once again, in experience and precisely in knowledge between the two parties as this seems to moderate the impact of differences in national culture on negotiation behaviour.

Although differences do exist in organisational culture, these appear not to have been perceived during the negotiation process either due to previous experience of working with the partner (Sareban-Gawrow) or due to leaving certain aspects until after signing the agreement (Sarvi). The negotiations between Acasan and Coisa are those that present the greatest degree of differences in organisational structure due to the

family nature of one of the firms, as well as the fact that they were involved in completely different areas of activity. A detailed analysis of the aspects of how the relationship functioned after reaching an agreement meant that these differences were not patent in the negotiation.

The pattern for the influence of differences in professional culture could not be analysed here as it did not exist in any of the cases analysed. As previously mentioned, these processes are normally held between the top management of participating firms, with the infrequent intervention of third parties (which might include lawyers) of an external nature. Therefore, it would seem strange for professional differences to spring from this type of negotiation.

5. Theoretical issues, conclusions and limitations

In this study, we have analysed and proposed a holistic model of determinants of negotiation behaviour in joint ventures. Negotiation behaviour is key because of the repercussions it has on the negotiation outcome and the correct implementation of strategy. Therefore, understanding which factors may prove to be an obstacle for adopting integrative behaviour (which forms the basis for the creation of mutual understanding and the creation of trust between partners) is key to understanding more about the *performance* of joint ventures.

The proposed model, whose usefulness has been validated through the use of case studies, highlights the interrelation of the impact of three contextual factors in determining negotiation behaviour. These factors are the power-dependence relationship, time pressure and cultural differences. On the one hand, a positive relationship between integrative behaviour and situations where there is an even balance of power and on the other a negative relationship with time pressure. However, with regard to the relationship with cultural difference, the results are not as conclusive. In this sense, future research should focus on taking a deeper look at the impact on negotiation behaviour, bearing in mind more the distance between cultures rather than

the simple fact of the existence or not of cultural differences. Moreover, it should be questioned to what extent differences in organisational and/or professional culture influence negotiations in joint ventures.

The evidence generated in this study suggests the need to analyse in the future why the effects of cultural differences have not been made clear in the literature on the perception of available time, the need to develop negotiations in secret and negotiator orientation (towards the agreement or towards the creation of a relationship of trust). It should be analysed to what degree the strategy analysed might be a key conditioning factor for this fact.

It should be highlighted that the exploratory nature of our study has allowed us to deduce the moderating effect that experience might have on the course of negotiations. It appears that when there is experience of this type of process or previous relations between the firms participating in a negotiation, these may enhance the moderation of the negative impact of context on integrative behaviour. Learning from experience, and its implications for the greater availability of information appears to allow available negotiation time to be managed better when faced with perceived time pressure. Firms lay special emphasis on those aspects considered to be key when negotiating this type of strategic alliance. Similarly, when parties have participated in this type of negotiation before, they are better able to manage all the differences in values, attitudes and ways of doing things that might arise and which respond to the existence of cultural differences. Therefore, experience appears as an enabler of the establishment of effective communicative interaction that enables the creation of a relationship of trust between partners despite the existence of factors whose impact may have the inverse effect. These relations should receive attention from researchers in the future.

The study also leads us to question the possible existence of other interrelations between the contextual factors proposed in our model. This would be the case of the possible interaction between cultural differences and the perception of the relationship

of power. Other possible determinants of negotiation behaviour could also be added to the model as a possible suggestion for future research.

Although there is still a long way to go, this research has allowed us to take a look at the nature of negotiation processes of joint ventures, by observing a series of defining traits such as:

- Although there is a need more for discretion than secrecy, this does not imply that cases exist where, when faced with certain contextual factors, partners see themselves obliged to negotiate under strict secrecy. This may be the case of international joint ventures.
- This type of negotiation is commonly held exclusively between the top management without having to turn to external third parties.
- Negotiators display behaviour that is oriented towards achieving a relationship of trust.
- Although there may be cultural differences from any of the three possible sources (national, organisational or professional culture), those that are due to organisational culture may prove to be less obvious. This is a result of the fact that aspects left for discussion after the agreement is signed tend to be those related more to this type of culture.
- Lastly, we find that the situation of a balance of power, or at least its perception, appears as a characteristic that is common to these processes.

In our opinion, all these ideas constitute progress in knowledge and a better understanding of the negotiation processes of joint ventures and their repercussions on implementation and subsequent performance. The study thus contributes both at an academic level and professionally given the complexity and growing adherence experienced by this strategy in recent decades. We therefore understand that future research should focus on the analysis of the questions raised above and the possible application of our model to the other modes of strategic alliance.

We are aware that this study constitutes a first step in the study of the negotiation processes of joint ventures and that the issues proposed should be contrasted by future research. However, at an academic level, the study contributes to existing literature on negotiation processes by helping towards a better understanding of the possible problems that may arise. At a managerial level, we understand that the implications are also significant. Understanding how the negotiating context affects behaviour is crucial for firms (and their managers as negotiators) in order to be able to anticipate the reactions and behaviour of their counterparts and thus take the right decisions on how to act to gain the most favourable agreement possible in joint ventures (win/win agreements in view of the importance of establishing long-term commitment). They should be aware of the importance of displaying integrative behaviour for the success not only of negotiations related to this strategy, but also of its correct implementation and performance. Consequently, the correct selection of the negotiating team also appears as a key element for consideration. They should receive training from agents who, through their experience in these processes or via their role in the firms involved, are able to maintain an integrative orientation for confront any competitive reaction from their counterparts with a view to reaching a mutual understanding and creating a relationship of trust.

Finally, it would be fair to admit that this study contains certain limitations. Firstly, generalisations are not possible using the results obtained in statistical terms due to the methodology used. However, we consider that this does not deter from the validity of the study nor the contributions mentioned above that contribute to a better understanding of the dynamics of joint venture negotiations. Secondly, the results may be influenced by the particular characteristics of the cases analysed. The analysis was carried out on a particular type of joint venture (50:50) and only three cases were studied. Therefore, future analyses should be extended to include a larger sample, covering different types of joint venture, thereby enabling researchers to make more wide-sweeping generalisations from the conclusions.

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Figure 1.- Preliminary model: contextual determinants of negotiation behaviour in Joint Ventures

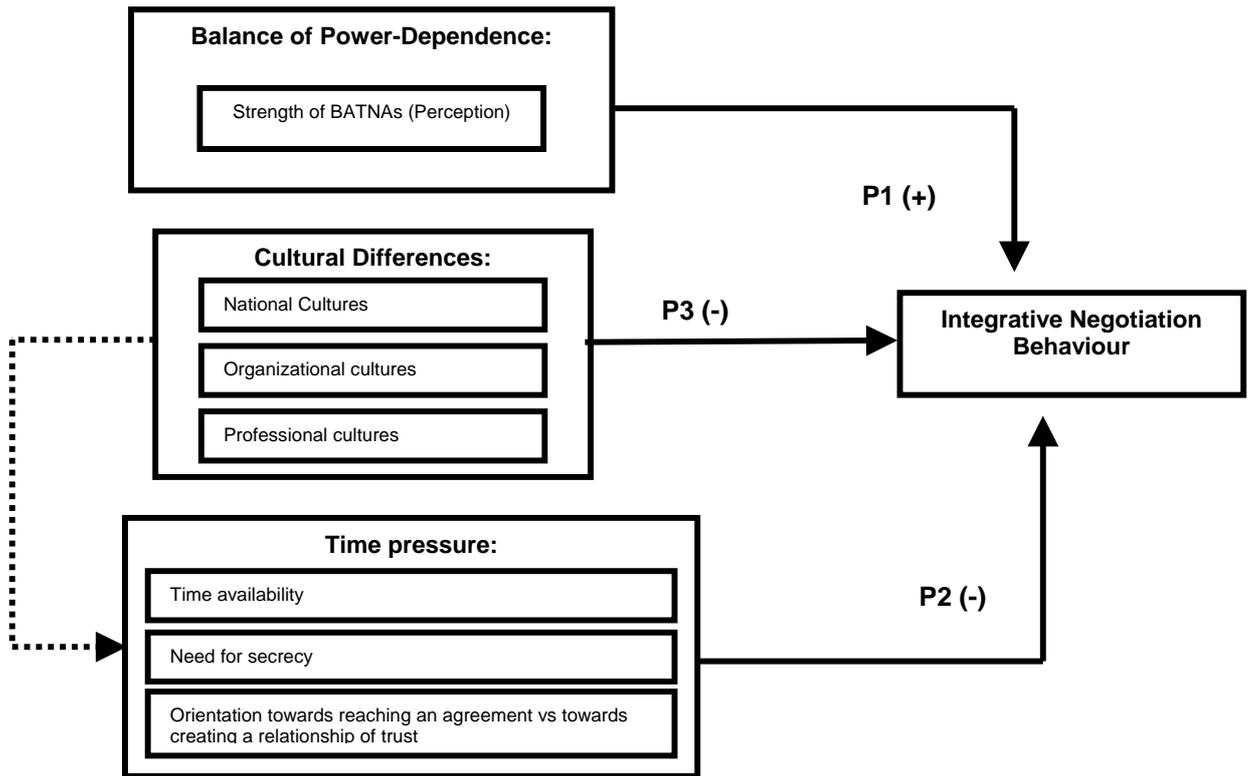


Table 1. Joint ventures cases: characteristics and information collection

| JOINT VENTURES | | | | | | |
|--|--|----------------------------------|--|--|--|--|
| | Case 1 SARVI | | Case 2 ENASO-ENARFER | | Case 3 GAWROW-SAREVAN | |
| | Acasan (Spain) | Coisa (Spain) | Enarfer (Spain) | Enaso (Portugal) | Sareban (Spain) | Gawrow (Germany) |
| Industry | Water supply, treatment and purifying installations | Construction | Generation and distribution of energy (mainly electrical) | Generation and distribution of energy (mainly specialised and renewable) | Development, manufacture and commercialisation of industrial paints | Development, manufacture and commercialisation of industrial paints. Materials for surface coating |
| Size (employees) | 1,300 | 250 | 30,000 | 51,114 | 200 | 800 |
| Sales volume | € 20,000 M | € 14 M | € 13,800 M | € 6,400 M | € 45 M | € 135 M |
| Stock market flotation | Yes (Spain) | No | Yes (Spain and New York) | Yes (Portugal) | No | No |
| Capital propriety | Private | Private (family) | Private | Private | Private (family) | Private (family) |
| Geographical Scope | Regional | Regional | National and International | National and International | National and International | National and International |
| Individual goals in the joint venture | Geographical expansion | Diversification (water industry) | Access into Portuguese market | Commercialisation of electrical energy for large-sized firms | Growth in size. Access to the automobile market. Acquisition of technology to be applied to the automobile industry | Access to the Spanish market |
| INFORMATION GATHERING | | | | | | |
| | Case 1 | | Case 2 | | Case 3 | |
| Time between the negotiations and the interviews | 4 years | | 8 months | | 3 years | |
| Type of interview | Individual (3) / Collective (1) | | Individual (3) | | Individual (2) | |
| No. of interviewees | 3 | | 2 | | 2 | |
| Category of the interviewees | Acasan: <ul style="list-style-type: none"> • Managing Director • Operations manager Coisa: <ul style="list-style-type: none"> • CEO | | Enarfer: <ul style="list-style-type: none"> • Planning-Control manager • Electrical Energy manager | | Sareban: <ul style="list-style-type: none"> • CEO Gawrow: <ul style="list-style-type: none"> • CEO⁴ | |
| Documentation | Internal: <ul style="list-style-type: none"> • Joint venture contract • Negotiation minutes • Report sent to the employees, shareholders and the press External: <ul style="list-style-type: none"> • Business and finance press • News pages in the firms' web sites | | Internal: <ul style="list-style-type: none"> • Initial joint venture Project • Some internal e-mails between both firms • Joint venture contract • Negotiation minutes • Information sent to employees and the press External: <ul style="list-style-type: none"> • Business and finance press • News pages in the firms' web sites | | External: <ul style="list-style-type: none"> • Business and finance press • News pages in the firms' web sites | |

⁴ The opportunity arose to interview him during one of his official visits to Sareban to deal with issues concerning the joint venture.

Table 2.- Assessments of categories analysed

| Categories | Aspects | Assessments | | |
|--|---|---------------|------------------------------------|------------------|
| | | CASE 1 | CASE 2 | CASE 3 |
| Power-dependence relationship | Partner alternatives: Partner 1 ⁵ Partner 2 | No Yes (1) | Yes (6 or more) Yes (6 or more) | No No |
| | Strategy alternatives: Partner 1 Partner 2 | Yes (1) No | Yes (1) Yes | No No |
| | Perceived dependence | Medium-low | Medium-low | Medium-low |
| | Advantage in the position of perceived power | No | No | No |
| | SIMILAR STRENGTH OF MAANS | Yes | Yes | Yes |
| Time pressure | Length of the negotiation | < 3 months | 8 months | 9 months |
| | Available time | Medium-high | Very high | Medium- high |
| | Need for secrecy | Low | High | Medium-low |
| | Third party participation with incentives linked to reaching an agreement | No | No | No |
| | PERCEIVED TIME PRESSURE | Medium-low | Low | Low |
| Cultural differences | Differences in national culture | No | Yes | Yes |
| | Differences in organisational culture | Yes | Yes | Yes |
| | Differences in professional culture | Yes | No | No |
| Negotiator behaviour and its evolution | Perceived communication effectiveness (open Exchange of information) | High | High | High |
| | All key aspects negotiated | Yes | Yes | Yes |
| | Willingness to work towards mutual understanding | High | High | Very high |
| | Orientation towards the creation of trust between the parties | High | High | Very high |
| | Evolution in negotiator behaviour | No | No | No |
| | NEGOTIATION BEHAVIOUR (TYPE) | Integrative | Integrative | Very integrative |

⁵ Partner 1 corresponds to the firms Acasan, Enarfer and Sareban, while partner 2 is associated with the firms Coisa, Enaso and Gawrow. In cases where there was no access to a partner, assessments were obtained via information provided by interviewees from the partner firm.

Appendix. Interview Guide

(1) Characteristics and general aims of the firm to be interviewed

- Industry
- N° of employees
- Turnover
- Stock market flotation (when was it floated)
- Date the firm was established
- Firms objectives
- Organisational structure

(2) With regard to processes of negotiation, what is your opinion on:

- The importance of negotiation processes on the formulation, implementation and creation of value in firms
- What can be considered as a successful outcome in firm joint ventures?
- The key factors that influence the development of negotiation processes and their outcomes
- The importance of the attitude or behaviour adopted by negotiators in order to achieve a desired outcome in these negotiation processes

3.- Taking a closer look at the negotiations carried out with firm "X", tell me a little about how they were carried out (preparation and development).

- How long did the process last? Was it sufficient time to negotiate? How was the time available managed?
- What were the main objectives of the negotiation?
- Was information gathered prior to the negotiations?
- Why was this firm chosen (for negotiation) rather than any other? Were there relevant similarities or differences between the firms involved in the negotiation? Did these have any influence on the negotiations?
- Did you have other ways to achieve the same objectives?
- Who took part in the negotiations? Did they actively participate in their development? What was their involvement in the implementation of the joint venture if an agreement was reached?
- Did you know the counterpart?
- How would you describe communication between the negotiating parties?
- Were there any conflictive issues? How were they resolved?
- What is your assessment of the agreement reached?
- In your opinion, what factors played a greater or lesser role in the outcome?
- What recommendations would you make for developing negotiations from your personal experience?