

A CASE STUDY OF AN INTERNATIONAL JOINT VENTURE: HOW KEY
STAKEHOLDERS MAKE SENSE OF THEIR EXPERIENCE OF A SINO-NEW
ZEALAND COLLABORATION

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Declaration

I declare that the thesis hereby submitted is my own independent work and has not previously been submitted by me for a degree at another university.

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30th September, 2016

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ABSTRACT

A review of the extensive international business collaboration (IBC) literature reveals scholars' predisposition to focus on either knowledge or resources at the company level. Very little research has been conducted at the level of the key internal stakeholders within the collaborating companies that form international business alliances, commonly termed international joint ventures (IJVs). The result is that we know very little about the lived-in reality of these stakeholders who create an IJV and even less about the sense they make of their own strategy practice (SP, also called strategy-as-practice, SaP) and that of the key stakeholders in their partner company.

My study sought to address these shortcomings in the literature by undertaking a qualitative, exploratory case study to uncover how key internal stakeholders in two companies collaborating in a Sino-New Zealand international joint venture (IJV) collaboration made sense of their own and the other company's strategic actions during the development of their IJV. My study posed the following questions:

- How do key internal stakeholders in a particular Sino-NZ context make sense of and give sense to strategic actions related to the development and maintenance of an international business collaboration?
- How does this sensemaking and/or sensegiving influence international business collaboration in this case?

To answer these research questions an inductive interpretive approach was adopted and three stages of interlinked data collection and analysis were conducted. Data were collected from company documents, semi-structured interviews, and limited participant observation. Interpretive analysis was performed using NVivo (10) software. In the stage 1 analysis, 39 documents and 7 interviews were used to construct two composite narratives of IJV collaboration (one for each company). In the stage 2 analysis, 16 meetings and 30 interviews were used to compare SP and practices of the two companies. The insights gained triggered the search for complementary theoretical concepts and contributed to development of the

conceptual models produced in stage 3. The stage 3 analysis sought to conceptualise the disjunction in the ways the two companies made sense of the strategy practices revealed in their composite narratives and resulted in two theoretical models based on the analysis of data from 15 interviews and the Stage 1 and 2 data: a model conceptualising the sensemaking discrepancies between the partner companies in the IJV collaboration and a model of the sensemaking about performance in the IJV collaboration.

These two models are the primary contributions of this study. The first model explicates 11 interrelated aspects that the analysis suggested were responsible for a sensemaking discrepancy (SMD) in the IJV collaboration. These were sensemaking about learning, sensemaking about experience, sensemaking about strategising, barriers to communication, habitus, cultural values, business practices, work environment, expectations, emotions, and beliefs. The second model conceptualises the flow of sensemaking actions that were found to constitute the complex context of the IJV collaboration and explained the participants' sensemaking about their own and others' performance as they maintained and developed the IJV collaboration over time.

Two new concepts were created as part of the development of these models: A sensemaking discrepancy (SMD) embedded in the IJV relationship that disrupts or challenges collaboration and collaboration focused interaction (CFI) (or lack of it) which is proposed as the underlying mechanism influencing discrepancies in sensemaking about performance in an IJV collaboration.

In addition to the conceptual models and the two new concepts embedded in them, three significant observations emerged from the case study. First, the collective narratives for each partner company showed that at the company level strategic practices were aligned with the key stakeholders' fundamentally different views of the partnership relationship. This is not surprising as the key stakeholders in both companies were reticent about engaging with each other once the IJV was in place, suggesting that these individuals felt challenged by the prospect of confronting frustrations caused by their fundamentally different views of the IJV relationship.

Second, a comparison of each company's collective narrative suggested the two companies developed strategy practices to ameliorate the tensions caused by their different ways of

doing business, rather than confronting these tensions. These practices then led to dissatisfaction with each other's performance in the IJV and prompted a change in the shareholding structure.

Third, sensemaking itself could be a strategic action when it occurred in situations where there was misalignment of values, business practices and habitus between the IJV partners. It was found that a sensemaking discrepancy (SMD) was embedded in the IJV relationship and disrupted collaboration, mutual learning, mutual communication, and knowledge sharing between the partner companies.

In conclusion, this study produced two conceptual models conceptualising the link between sensemaking and SP as it played out in a Sino-NZ IJV. It contributes new insights about collaboration, sensemaking, and SP to the IJV, sensemaking and strategy literatures. At the heart of the contributions are two theoretical models that explain how sensemaking and SP combine to create participants' sense of an IJV collaboration, answer the research questions, and address an important gap in these literatures. The research findings suggest that improving sensemaking ability should be considered as an important strategic management skill, and should be included in training agendas for managers who operate IJVs.

Keywords: international business collaboration (IBC), international joint venture (IJV), dairy industry, sensemaking, and strategy practice

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CHAPTER 1: INTRODUCTION

This chapter presents an overview of the thesis. First, it provides a background to the research that enabled the framing of the research gap and defined the nature of the problem. Second, it introduces and justifies the research topic. Third, it presents the research questions that were derived and refined from the literature review in Chapters 2, 3, and 4. Fourth, it provides an overall summary of the contents of the thesis.

1.1 Research Background

The international business collaboration (IBC) literature has vast scope, covering a wide range of studies related to culture, organisation, management, and communication in the international environment, such as internationalisation (e.g., Andersson, 2011; Costa, Soares, & de Sousa, 2016; Jones & Coviello, 2005), international joint ventures (IJVs) (e.g., Lane, Salk, & Lyles, 2001; Reuer, Klijn, & Lioukas, 2014; Westman & Thorgren, 2016), international entrepreneurship (IE) (e.g., Keupp & Gassmann, 2009; Singh, Corner, & Pavlovich, 2007, 2015; Terjesen, Hessels, & Li, 2016), cross-cultural competence (CC) (e.g., Balcazar, Suarez-Balcazar, & Taylor-Ritzler, 2009; Johnson, Lenartowicz, & Apud, 2006; Reich & Reich, 2006), international communication (IC) (e.g., Chitty, 2010; Goby, 2007; Usunier & Roulin, 2010), and cross-cultural management (e.g., Bird & Mendenhall, 2016; Dong & Liu, 2010; Sørderberg & Holden, 2002). Accordingly, the term IBC is often used interchangeably with other terms related to business collaboration or collaborative relationships in the context of international business, such as cross-cultural (CC) business collaboration, intercultural collaboration (IC), international joint venture (IJV) collaboration, and contemporary multinational corporation (CMC) collaboration. It was found that the notion of IBC is considered as a broad term, and consequently, the IBC literature lacks an adequate conceptualisation and definition of this term.

The core subject of IBC literature is culture and Hofstede's (1980) cultural differences framework is treated almost as doctrine for evaluating and comparing core cultural values and norms abstracted from the context (Bjerregaard, Luring, & Klitmøller, 2009). Culture is considered as something self-contained and stable that can be identified at the national level (Hofstede, 1980, 1984). This definition fails to explain the changing nature of culture at the individual level and the dynamic interplay of the micro (individual), meso (organisational), and macro (industrial, national or global) levels of cultures (Erez & Gati, 2004; Johnson,

Lenartowicz, & Apud, 2006; Zhang & Lopez-Pascual, 2012). Conceptualisation of culture at the micro level challenges researchers to develop methodology in order to gain access to people's lived experience in a complex context and investigate insights of what people actually do, say, or think to make their own and/or influence other's decisions (Jarratt & Stiles, 2010). In 30 recently published papers, most of the studies adopted quantitative survey methodology to investigate practitioners' cultural factors, instead of attempting richer, in-depth cultural analysis. The latter approach contributes to an understanding of IBC as a complex process dealing with various decisions involving interactions with other entities, both inside and outside the firm (e.g., Cheng, Cai, & Jin, 2016; Huang & Chiu, 2014; Klijn, Reuer, van Frans, & Volberda, 2013; Pak, Ra, & Lee; 2015). However, these recent studies were unable to explain the reasoning, characteristics and outcomes of managerial decision-making in the real setting where the studied phenomena occurred (Aharoni, Tihanyi, & Connelly, 2011).

Another popular field of study is cross-cultural management (CCM) closely associated with evaluation of cultural-fit, communication-based intercultural interactions, and cross-cultural competence (CC) (see Arnaud & Fauré, 2016; Froese, Peltokorpi, & Ko, 2012; Griffith, 2003; Jameson, 2007; Zhu & Bargiela-Chiappini, 2013). The heart of CCM study is intercultural and cross-cultural communication, but the conceptualisation is ambiguous. According to Chitakornkijasil (2010), *intercultural communication* refers to how people from different cultural backgrounds interact with one another, while *cross-cultural communication* refers to how people from different cultures exchange meanings with one another, verbally and/or nonverbally. This ambiguous definitions challenge researchers to develop integrative conceptualisation and consistent methods to study the micro, meso and macro levels of management in the international environment (Balcazar et al., 2009; Bjerregaard, Luring, & Klitmøller, 2009; Chitakornkijasil, 2010; Wang, 2013).

The concept of 'sensemaking' has been recently introduced into the IBC literature, contributing to an understanding of managers' sense made of strategic changes in their business environment (see Monin, Noorderhaven, Vaara, & Kroon, 2013; Woldeesenbet & Storey, 2010). However, very little research has been conducted at the level of the key internal stakeholders within the collaborating companies that form international business alliances (e.g., IJVs). Little attention is paid to the lived-in reality of these stakeholders who

create and operate an IJV and even less about the sense they make of their own strategy practice (SP) and that of key stakeholders in their partner company.

My study sought to address these shortcomings in the literature by undertaking a qualitative, exploratory case study to uncover how key internal stakeholders in two companies collaborating in a Sino-New Zealand (Sino-NZ) international joint venture (IJV) collaboration made sense of their own and the other company's strategic actions during the development of their IJV. Thus, this thesis placed an emphasis on the study of sensemaking and exploring key internal stakeholders' lived experience in a Sino-NZ IJV collaboration, rather than studying their cultural differences and communication styles. By so doing, the emergence of case study findings would allow me to produce theoretical models and conceptualise a link between sensemaking and SP in IBC, contributing to the IBC, SP and Sensemaking literature.

1.2 The Research Topic

In an increasingly global world, it has become important for firms to seek appropriate business partners for successful international strategic alliances (Beamish, 1993; Calantone & Zhao, 2001; Ding, 1997; Geringer & Hebert, 1989; Hill & Hellriegel, 1994; Hong, Snell, & Mak, 2016; Smith, 2016). The emergence of IJVs is reshaping international business (Ernst & Bleeke, 1995; Calhoun & Harnowo, 2015), but the estimated 30-70% failure rate related to the organisational change processes required in the period of post-acquisition integration indicates that it is very difficult to establish and run an IJV (Yang, 2011). Due to differences in cultural and organisational practices and differences in motives for entering partnerships, conflict, confusion, and loss of goodwill can arise in international business collaborations (IBCs) like IJV, and this may create fewer synergistic benefits than were originally expected (Choi & Beamish, 2004; Hitt, Dacin, Levitas, Arregle, & Borza, 2000; Inkpen & Beamish, 1997; Vaara, 2003). Failure to remediate such situations may lead to communication breakdowns or uncomfortable and asynchronous behaviour in business collaboration.

Such issues have attracted scholarly attention on post-acquisition integration and collaboration (e.g., Birkinshaw, Bresman, & Håkanson, 2000; Datta & Roumani, 2015; Greenwood, Hinings, & Brown, 1994; Ingham, Kran, & Lovestam, 1992; Jaura & Michailova, 2014; Nahavandi & Malekzadeh, 1988; Suddaby & Greenwood, 2005), and research exploring the influences of misaligned organisational cultures on the strategic

performance of alliances is widely documented (e.g., Meirovich, 2010; Möller & Svahn, 2004; Sirmon & Lane, 2004). However, IBC research in the realm of strategy practice (SP), also called strategy-as-practice (SAP), is still rare. In particular, there is little knowledge of how strategy practitioners make sense of their own and their partners' strategic practices and how their strategic decisions impact on the maintenance and/or development of collaboration (Hong et al., 2016). Another area needing further exploration is how interaction dynamics affect IJV relationships, performance, and collaboration (Kamminga & Meer-Kooistra, 2015).

The aim of this doctoral study was to explore how key internal stakeholders involved in an IJV made sense of their own and their counterparts' strategic actions during the development of their collaboration. This prompted a case study of the lived-in experience of dairy industry stakeholders from two companies that were partners in Sino-NZ joint venture (IJV): a Chinese dairy company (CHD1) and a New Zealand dairy company (NZD1). This interpretive study sought to understand how actors in this IJV retrospectively explained and justified strategising.

1.3 The Research Questions

In order to understand what key internal stakeholders actually do in practice in a Sino-NZ IJV collaboration, this study sought to produce theory grounded in stakeholders' experience, and in so doing, it sought to develop theory about how stakeholders make sense of their own and strategic partner's actions during the creation and development of an IJV collaboration (Sandberg, 2005; Sandberg & Tsoukas, 2011).

The overarching research questions were:

- How do key internal stakeholders in a particular Sino-NZ context make sense of and give sense to strategic actions related to the development and maintenance of an international business collaboration?
- How does this sensemaking and/or sensegiving influence international business collaboration in this case?

1.4 The Research Methodology

This study relied on inductive theory building (Chamberlain, 2006; Eisenhardt, 1989), using an interpretive approach to develop theory, as the interpretive approach is ontologically and

epistemologically aligned with the objective of understanding how actors make sense of their own and their partners' strategic actions and practices. In interpretive research the objective is to uncover patterns in the data and conceptualise these in order to develop emergent conceptual models that answer the research questions, rather than starting with conceptual frameworks derived from extant literature that are then tested by the data.

I adopted a case study method, which allowed the collection of a range of different sorts of qualitative data in order to capture the complexity and dynamics of the specific context of the Sino-NZ IJV collaboration and the sense participants made of the strategy practice associated with establishing this IJV (Eisenhardt & Graebner, 2007; Lundgren-Henriksson & Kock, 2016; Rouleau, 2013).

Three stages of data collection were conducted. In Stage 1, data about the IJV collaboration were collected from company documents and from semi-structured interviews with 7 top executives: 3 executives from NZD1 and 4 executives from CHD1. In the interviews participants were asked to recount their experience of establishing the IJV collaboration. These data were used to create two collective narratives, one for each company, of the strategy practice associated with the development of the IJV. In Stage 2, data were collected on the micro strategy practice associated with the IJV from 30 semi-structured interviews and action-based observation of participants during routine work and 16 strategic meetings: 12 NZD1 meetings, 3 CHD1 meetings, and 1 CEO meeting. In Stage 3, participants were asked to reflect upon the collective narratives and describe the sense they made of them (i.e., account for the various strategic practices in the collective narrative). In total, 15 sensemaking interviews were conducted to determine how participants accounted for IJV strategy practices.

The three data collection stages were coupled with three corresponding data analysis stages. Stage 1 of data analysis involved a narrative-style account analysis related to the what, when, who, and how of setting up the IJV collaboration. The final products of this stage were two composite narratives of reported collaborative actions or strategy practices (one for each company).

Stage 2 of the data analysis included a discursive analysis (Brown & Humphreys, 2006) of texts and actions to examine practice and practices, with a focus on probing IJV strategising

at the micro-level, and a narrative-style accounts analysis of 30 interviews, with a focus on IJV strategy practices and collaboration. Interview data from Stage 2 was then used to develop questions for the sensemaking interviews conducted in Stage 3 data collection. There was extensive data from observation of participants' routine work and strategic meetings in Stage 2; however, it was not relevant to IJV strategy practices because I was not granted access to more confidential meetings about collaboration. Thus, this set of data were used only as supplementary data for Stage 3 analysis and model development. The final product of this stage was a comparison of the two companies' SP and practices (not relevant to IJV strategy practices).

Stage 3 of the data analysis involved a sensemaking account analysis (Mills, 2002) of the reported strategy practices and acted strategy practices identified from Stage 2 and 3 interview data, which, taken together, informed development of the theoretical models. Interview data from Stages 2 and 3, along with the supplementary data, were used to produce a model showing the sensemaking discrepancy in IJV collaboration and a model of sensemaking about performance in an IJV collaboration.

1.5 Conclusion

The purpose of this thesis is to report the findings of a doctoral study that explored how key actors made sense of their lived-in experiences in a Sino-NZ IJV collaboration. It examines how the key stakeholders in the companies comprising a Sino-NZ IJV made sense of their own and their partner's strategic practice. To do this it compares composite narratives created from the individual player's accounts of the establishment of the IJV. The sense made of these composite narratives and reported and observed micro strategy practice then provides the basis for two conceptual models of sensemaking discrepancy in IJV collaboration and sensemaking about performance in an IJV collaboration respectively. The remainder of the thesis is organised as follows:

Chapters 2–4 Literature Reviews: The literature review is presented in three separate chapters. Chapter 2 provides an introduction and description of the literature review process, followed by a discussion on theory and research in the field of international business collaboration (IBC) and an outline of the research gaps in IBC scholarship. Chapter 3 discusses the strategy practice (SP) theory, research, and approaches, as well as highlighting

relevant research gaps in SP. Chapter 4 contains an exploration of sensemaking and the sensemaking perspective about SP, as well as an outline of research gaps in this area.

Chapter 5 Methodology: This chapter presents the research design, methodology, analysis framework, and research ethics for this study. It begins with the research objective and questions that were derived from literature and inspired by my previous business experience. Next, the methodology, data collection approaches, and analysis frameworks are presented, including the background of selected case studies. Finally, ethics, final reflections on the research process, and limitations of the study are presented.

Chapter 6 Composite Narratives of the IJV Collaboration: This chapter presents each company's composite narrative. A composite narrative is constructed by blending the voices of participants with those of the researcher in a way that emphasises the connectedness amongst individual narratives of experiences and events. It is useful as a means of protecting the identity of individual participants (Wertz, Nosek, McNiesh, & Marlow, 2011). The composite narratives were produced in Stage 1 of the data analysis by comparing individuals' IJV stories in order to find the intersections that represented the accepted company story. These narratives capture the consensus about the what, when, who, and how of setting up an IJV collaboration from the participants' perspectives. Using the Stage 2 analysis of interview accounts, the composite narratives were continuously developed using Wertz et al.'s (2011) composite narrative method to capture the consensus evidence across a range of individual narratives.

Chapter 7 Sensemaking about Strategy Practices: This chapter presents the results from Stage 3 of the data analysis, which also built upon part of Stage 2 data sources that were considered as the supplementary sources. The account analysis approach (Mills, 2002) was used to examine how actors accounted for their own practices and those of their IJV partner. This chapter builds on the previous chapter by detailing participants' accounts of their practices identified in Stage 1, and the analysis of Stage 2 data sources that were relevant to IJV strategy practices (30 semi-structured interviews and 1 participant observation of a CEOs' meeting). It then conceptualises these to explain how the two partner companies' key stakeholders made sense of their experience during collaboration. This reveals the sense participants made of the lived reality of collaborating in an IJV. Consequently, this chapter presents a model of sensemaking discrepancy in an IJV collaboration, and a sensemaking

model of how each company's stakeholders made sense of their own and others' performance.

Chapter 8 Discussion: This chapter provides a discussion of the primary findings of this research, supported by several emergent findings in relation to the relevant literature. Moreover, it addresses two theoretical models produced from this case study, conceptualising the link between sensemaking and SP as it played out in a Sino-NZ IJV. This chapter also shows how these primary findings contribute to the research gaps identified in the literature on IBC, SP, and sensemaking. Finally, it concludes with a summary of key findings.

Chapter 9 Conclusion and Implications: This chapter summarises the research findings of my doctoral study and couples the findings with a general discussion that links to previous literature. This chapter also provides an overview of the contributions and conclusions of this thesis. The implications of these conclusions for theory and practice are also presented. Finally, this chapter provides suggestions for future research.

CHAPTER 2: LITERATURE REVIEW – INTERNATIONAL BUSINESS COLLABORATION

2.1 Introduction

The literature review shows that there is very little known about the lived-in reality of collaborating to create and develop an IJV and even less about the sense collaborators make of both their own strategy practices and that of their partners. It does this by reviewing the literatures of international business collaboration (IBC), strategy practice (SP), and sensemaking. These three literatures are fully discussed in separate chapters.

This chapter gives an overview of the literature review process and international business collaboration (IBC) research. First, it outlines the literature review process. Second, it summarises the core subjects of IBC literature by elaborating the knowledge-based view vs. the resource-based view of collaboration and control in the international business arena and shows how IBC may advance changes in power relationships and shape strategies in complex contexts. Third, it summarises the extant literature on IBCs by comparing positivist and social constructivist studies of intercultural and/or cross-cultural management, and demonstrates the growing trend of studying cultures and international management by using qualitative methodology. Fourth, it addresses opportunities for further study with a focus on exploring the lived-in reality of IBC by linking SP and sensemaking, which sets up the theoretical foundation for my study. Fifth, it concludes with a summary of the main points from the chapter.

2.2 Literature Review Process

I followed a systematic, methodical approach for the literature review process. I used two databases for this purpose: ABI Inform Global (Proquest) and Google Scholar. All database searches included full text and were limited to scholarly articles, from the past 30 years, in business, management, economics, humanities, and social sciences. First, a series of database searches was conducted to identify articles and papers for inclusion. Key phrases used in the searches included: “international business collaboration,” “IJV collaboration,” “strategy as practice,” and “sensemaking and sensegiving.” Articles and papers identified in this first series of searches were carefully reviewed. Next, I carried out database searches using key phrases related to the theoretical frameworks derived from the review of the first set of articles and papers. Key phrases used in this second round of searches included: “practice

theory,” “international business collaboration theory,” “organisational sensemaking,” “emergent,” “learning,” and “reciprocity.” Following this, I combined articles from prior dates and sources that had not been included in the initial search. I also reviewed several books (e.g., Bourdieu, 1990; Giddens, 1984; Gudykunst & Kim, 1992; Haspeslagh & Jemison, 1991; Pfeffer, 1981; Porter, 1980; Schatzki, 1996; Weick, 1995) in order to advance the research field’s knowledge base. Eventually, I progressively condensed the literature on international business collaboration (IBC), strategy practice (SP) and sensemaking, combining the lenses of SP and sensemaking in relation to IBC. This process advanced my understanding of theory development and contributed to the development of my research design and methodology (see Chapter 5).

2.3 What is an International Business Collaboration (IBC)?

Early studies of international business collaboration (IBC) started following mergers and acquisitions, and some researchers pointed to its substantive effects on strategic management (see Kitching, 1967). Despite an increase in the globalisation of business and an estimated 30-70% failure rate related to organisational change processes during post-acquisition integration (Yang, 2011), this field of study did not receive much scholarly attention until the mid-1980s (Beamish, 1993; Choi & Beamish, 2004; Hitt et al., 2000; Inkpen & Beamish, 1997; Krug & Aguilera, 2005; Vaara, 2003; Weber & Drori, 2011). At this time, the high failure rate of IBCs was partly ascribed to a lack of cross-cultural competence (CC) (i.e., the ability of individuals to function effectively in another culture) on the part of business practitioners (Johnson, Lenartowicz, & Apud, 2006) or ineffective cross-cultural communication performed in a multinational enterprise (Von Glinow, Shapiro, & Brett, 2004). However, little attention was paid to practitioners’ knowledge, experience, and skills as the influential attributes (see Arnaud & Fauré, 2016; Froese, Peltokorpi, & Ko, 2012; Griffith, 2003; Jameson, 2007; Zhu & Bargiela-Chiappini, 2013). Park and Ungson (2001) claimed that the literature lacks the comprehensive or integrative conceptualisations and frameworks required in order to provide a sound basis for empirical examination, and this shortcoming led to empirical fragmentation and encouraged static representations of alliance failure, such as poor management, poor communications, lack of trust, competitive rivalry, lack of commitment from top management, and cultural differences.

The quest to find a definition of IBC led me to search the ABI-INFORM literature database. Several different keywords were used, forming combinations of the terms “collaboration” or

“cooperation” and “cultural,” “intercultural,” “cross-cultural,” “global,” “international,” or “entrepreneurial.” The literature reveals that the term *IBC* is often used interchangeably with other terms such as cross-cultural (CC) business collaboration, intercultural business collaboration, international joint venture (IJV) collaboration, and contemporary multinational corporation (CMC) collaboration. From the strategy perspective, these four forms of collaborative agreement are similar; they involve seeking business partnerships around the world in order to gain access to new markets for products, new sources of raw materials, and more cost-effective locations for manufacturing and assembly operations (Johnson, Lenartowicz, & Apud, 2006). Through forming collaboration agreements, partners also attempt to achieve expected benefits (Birkinshaw et al., 2000; Chen & Zhan, 2013; Larsson & Finkelstein, 1999), such as value creation (Haspeslagh & Jemison, 1991; Khan, Lew, & Sinkovics, 2015; Leung, Xin, Priem, & Shaffer, 2013), knowledge transfer (Bresman, Birkinshaw, & Nobel, 1999; Park, 2011), and enhanced learning (Huang, 2010; Yan, 1999) through the collaboration. In addition, the collaborative business entity is independently owned and operated by two or more partner companies whose headquarters are often based in different countries. This style of collaborative alliance enables partners to develop their own businesses globally and competitively (Adegbesan & Higgins, 2011; Groot & Merchant, 2000; Hong et al., 2016).

Using insights gained from the literature review, it was concluded that *IBC* is a broad term referring to a type of business collaboration where two or more companies from different countries enter a collaborative agreement, with strategic alliance purposes, which involves two prominent features: (1) the joint venture is owned by two or more international partners, and the joint venture is operated in the country where one partner company’s headquarters is based (Groot & Merchant, 2000; Huang & Chiu, 2014); and (2) the joint venture is independent, which means that no partner company plays a dominant role in all venture affairs and activities. Instead, both partners play a role in balancing collaboration and control to improve joint venture performance (Ding, 1997). Therefore, an *IJV* in which all partner companies contribute to the joint venture’s collaborative activities is a type of *IBC*.

Literature reveals that collaboration and control are considered as two essential aspects that influence *IJV* performance (Li, Zhou, & Zajac, 2009; Orlitzky, Siegel, & Waldman, 2011; Yang, 2011). *Collaboration* refers to the process of sharing resources and transforming knowledge between partner companies in order to gain mutual benefits and competitive

advantages (Li, Zhou, & Zajac, 2009; Orlitzky, Siegel, & Waldman, 2011; Yang, 2011). *Control* refers to the process in which one IJV partner influences the other's social and behavioural practices in IJV activities through the use of power or authority and a wide range of bureaucratic and cultural mechanisms, and this increases the likelihood of controlling IJV decisions (Beamish, 1993; Cäker & Siverbo, 2011; Ding, 1997; Groot & Merchant, 2000; Lewis, 2002; Geringer & Hebert, 1989; Liu, Vredenburg, & Steel, 2014; Song & Zeng, 2015; Yan, Ding, & Mak, 2009; Yang, 2011). Research on IJVs often adopts a knowledge-based view (KBV) or a resource-based view (RBV) to examine the relationship between the partner companies, subsequent learning and communication, and their effects on IJV management and/or development (Cheng, Cai, & Jin, 2016). However, these two theoretical perspectives are treated separately or as being mutually exclusive (Lu & Ma, 2015).

2.3.1 A Knowledge-based View of Collaboration and Control

From a knowledge-based view, knowledge is something that cannot be codified and transmitted or transferred by prescription, and this feature decides the formation of a performance-control IJV relationship (Caza, Tiedens, & Lee, 2011; Cheng, Cai, & Jin, 2016; Inkpen & Dinur, 1998; Steensma & Lyles, 2000). This view suggests that partner companies may gain benefits from: (1) forming rules and procedures to avoid one another's opportunistic behaviours as well as protecting self knowledge-based resources (e.g., technology), and in so doing, modifying all partners' knowledge contributions to the IJV development (Chen, Park, & Newburry, 2009; Huang & Chiu, 2014; Kogut & Zander, 1992; Lane, et al., 2001; Liu, Vredenburg, & Steel, 2014); or (2) "offering knowledge to one another and adding to, recombining, modifying, and integrating knowledge that others have contributed" (Faraj, Jarvenpaa, & Majchrzak, 2011, p. 1224), and by so doing, encouraging all partners to contribute to the development of the IJV (Feldman, 2004).

Researchers who attempt to explain a knowledge-based view of collaboration point out that there are two main motives behind a strategic alliance: (1) the desire to survive in difficult circumstances and acquire knowledge from one another to achieve a competitive advantage, and (2) a wish to reduce the costs of product and technology innovation to share technological and financial risks (Grant, 1996; Grant & Baden-Fuller, 2004; Inkpen & Dinur, 1998; Kuznetsova, 2016). Kogut (1988) suggests that "Learning can be an alliance motive under two conditions: one or all partner firms want access to the other's organisational knowledge, or one firm wishes to maintain its organisational capability while benefiting from

the other's cost advantage or knowledge" (p.323). Inkpen and Dinur (1998) argue that, in 'reality,' an ability to continuously create knowledge provides the basis for organisational renewal, and the dynamic relationship between organisations drives IBC. Inkpen and Dinur (1998) propose two reasons for this. The first reason is that knowledge is often organisationally embedded and this feature challenges alliance partners to replicate each other's experiential knowledge and apply it to the IJV without engaging in recursive reciprocal learning and internalising the knowledge to create new proprietary knowledge belonging to either firm. The second reason is that the process of knowledge sharing is a causally ambiguous and complex process, during which one or all partners seek access to knowledge possessed by the other partner that would not be available in the absence of collaboration.

Previous studies have recognised the important role of control in IJV management but failed to recognise the difference between parent control over IJV activities through its 'own people' under inside control and its control through 'other people' under outside control in IJVs as well as failed to embody the dynamic relationships between parent companies' bargaining power, control level, and respective IJV management groups (e.g., Cardinal, 2001; Chen et al., 2009; Geringer & Hebert, 1989; Groot & Merchant, 2000; Johnson, Korsgaard, & Sapienza, 2002; Liu et al., 2014; Mjoen & Tallman, 1997; Turner & Makhija, 2006; Yan & Gray, 2001; Yang, 2011). However, the research conclusions on the performance-control IJV relationship show some inconsistencies (Huang et al., 2014). For example, according to Kogut (1988), dominant control and performance in IJVs is not substantively related. Ding (1997) found that the dominant control of a foreign partner can enhance the performance of US-China JVs, while Beamish (1993) found that shared control is preferable to dominant control by a foreign partner in IJVs in less developed countries. Steensma and Lyles (2000) claim that shared control can enhance the performance of an IJV, while Choi and Beamish (2004) propose that splitting control contributes to its development according to functional expertise.

2.3.2 A Resource-based View of Collaboration and Control

From a resource-based view, "Many resources are firm-specific and not perfectly mobile or imitable" (Das & Teng, 2000, p. 32), and this feature decides the formulation of a resource-asymmetry IJV relationship (Das et al., 2000; Lioukas, Reuer, & Zollo, 2016; Park, Mezas, & Song, 2004). This view suggests that IJV partner companies may gain benefits from

“creating the most value out of one’s existing resources by aggregating, sharing, exchanging, or combining these with other’s resources” (Lu, et al., 2015, p. 1042). Some scholars indicate two conditions under which alliances are likely to form: *obtaining resources* or *retaining resources* (Lioukas et al., 2016; Patzelt, Shepherd, Deeds, & Bradley, 2008; Veilleux, Haskell, & Pons, 2012). These two conditions are related but distinct from each other. Obtaining resources means that a firm may use alliances or mergers and acquisitions to obtain resources possessed by another firm in order to develop its competitive advantages (Das et al., 2000). Retaining resources refers to keeping and developing one’s own resources by combining them with the others’ resources (Helfat & Peteraf, 2003; Kogut, 1988). In other words, the motive is to maintain one’s own resources securely in the firm, and meanwhile, to seek the resources of other firms in order to hold valuable resources for future internal deployment (Das et al., 2000; Tong, Reuer, & Peng, 2008). From this perspective, the major difference between the two conditions is the motive, whether using others’ resources temporarily (i.e., obtaining) to create immediate competitive advantages, or allowing others temporary access to one’s own resources (i.e., retaining) in order to secure valuable resources to develop future competitive advantages (Chaharbaghi, Adcroft, Willis, Todeva, & Knoke, 2005; Das & Teng, 2000).

However, there are only a few studies on the RBV of why and how firms form strategic alliances, such as those investigating the conditions under which specific resources are likely to generate performance (Hitt, Bierman, Uhlenbruck, & Shimizu, 2006; Hitt, Biermant, Shimizu, & Kochhar, 2001); and one exploring specific activities that support the formulation and implementation of strategies to maintain and/or develop collaboration (Lioukas et al., 2016). Additionally, existing research only covers limited aspects of IBC from the RBV perspective (Blodgett, 1991; Eisenhardt & Schoonhoven, 1996; Rouse & Daellenbach, 1999; Varadarajan & Cunningham, 1995). For example, Eisenhardt and Schoonhoven (1996) found that alliances are more likely to be formed when they are the result of a strategic need where both firms want to develop their competitive advantages by sharing each other’s valuable resources. In addition, studies from the RBV on how participants improvise strategies in IBC are underexplored. Blodgett (1991) examined IJV ownership patterns, proposing that a local partner company that contributes more to the IJV may have an advantage in the control of the IJV. However, the dynamic relationship between the IJV partners and their influences on IJV control was not well developed. Tyler and Steensma (1998) studied the behaviour of top executives in an alliance collaboration and found that top executives with technical education

tend to focus more on the opportunities provided by the alliance and less on the riskiness of the venture. This study investigated individual executives' perceptions and their influence on decision-making. However, studies on the dynamic aspects of the decision-making process at the organisational level are underdeveloped; therefore, while these studies have contributed to an understanding of some aspects of the RBV of IJVs, a general resource-based theory of strategic alliances has yet to emerge (Das et al., 2000; Meyer, Wright, & Pruthi, 2009; Yan & Gray, 1994; Zhao, 2014).

The RBV perspective still holds that ownership and control is embedded in a resource-asymmetry IJV relationship and suggests that partner companies may gain benefits from controlling managerial decision-making through structuring IJV ownership (Inkpen & Currall, 2004; Lavie, 2006). *IJV ownership structure* is often viewed as the most important design consideration in the IJV agreement for IJV partners to address the issues of control and collaboration (Delios & Beamish, 1999; Li et al., 2009; Triki & Mayrhofer, 2016). Some scholars have proposed that the use of a dominant foreign ownership structure can minimise the local partner's opportunistic behaviour, thus reducing the level of uncertainty inherent in IJV performance and potential partner conflicts (e.g., Blodgett, 1992; Ding, 1997; Groot & Merchant, 2000). Mjoen and Tallman (1997) examined the meaning of control in IJVs and the relationship between control and the foreign partner's satisfaction of IJV performance. They found that an increase in foreign ownership levels typically implies that the foreign partner will have more members on the board of directors, and thus have more bargaining power to affect or control the board's decisions in line with the strategic direction of the foreign parent company (Blodgett, 1992; Calhoun & Harnowo, 2015; Harrigan & Newman, 1990; Lecraw, 1984; Nakamura, 2005; Tung, 1988). This suggests that IJV control is not an automatic consequence of ownership, but is tightly linked to which IJV management team exercises strategy and takes responsibility for the day-to-day running of the IJV operations (Madhok, 2006; Yan et al., 1994).

In contrast, some scholars argue that the use of a balanced IJV ownership structure can maximise involvement of both partners, and thus create an equal and trusting environment for IBC (e.g., Beamish, 1993; Beamish & Lupton, 2009; Li et al., 2009; Steensma & Lyles, 2000). For example, Luo, Shenkar, and Nyaw (2001) found evidence that U.S. partners prefer more dominant, overall control of Chinese JVs, while Chinese partners prefer to have specific control over functional areas because they are more interested in technology transfer than

overall control. Further to this, Ding (1997) found that dominant foreign control improved the performance of Sino-U.S. IJVs. However, Beamish and Lupton (2009) point out that there is no linear relationship between equity ownership and performance; instead, forming and maintaining trust between partners is crucial to effectively governing an IJV and enhancing satisfaction and commitment to the IJV. Dhanaraj and Beamish (2004) propose that the IJV ownership structure has implications not only for control over the IJV, but also for each partner's commitment to the joint relationship, and thus it plays an important role in affecting each partner's incentive and ability to collaborate with the other.

In summary, the RBV serves as the main theoretical perspective in the study of IBC with a focus on alliance formation using competitive strategies (Lavie, 2006). This view fails to explain why an IJV collaboration can deteriorate or collapse and how IJV partners make sense of strategising in the maintenance and/or development of an IJV.

2.4 Summary of the Extant Literature on IBCs

2.4.1 Positivist vs. Social Constructivist Studies

Studies of IBCs consist of two major streams. One stream advocates positivism, believing that people's perceptions, beliefs and attitudes are undoubtedly embedded in the mental programming of culture, and thus culture is viewed as self-contained, stable, and able to be identified at the national level (Hofstede, 1980, 1984). Accordingly, research on cross-cultural phenomena follows Hofstede's (1980) 'most generalised' cultural differences paradigm with a focus on a national-level comparative study of macro-level (industrial, national or global) cultural and social phenomena between or across national boundaries (Bjerregaard, Luring, & Klitmøller, 2009; Buckley & Chapman, 1996; Zhang & Lopez-Pascual, 2012). Examples include research on cultural differences in work-related self-esteem and satisfaction with supervision (Riordan & Vandenberg, 1994), justification of unethical resource-asymmetry behaviour (Parboteeah & Cullen, 2002), job preferences (Harzing & Maznevski, 2002), work orientation (Cheung & Rensvold, 1999), knowledge transferring between IJV partner companies (Pak, Ra, & Lee, 2015), IJV management (Huang & Chiu, 2014; Nguyen, 2011; Reuer & Tong, 2010), and IJV collaboration (Cheng, Cai, & Jin, 2016; Klijn, Reuer, van Frans, & Volberda, 2013). These studies adopted quantitative methodology, and began with theory, constructs and survey instruments which had been largely developed in one cultural setting and attempted to apply them to other cultures (Gales, 2003). However, this methodology did not allow the researcher to control the environment where the

respondents provided answers to the survey questions, as well as failed to explain the reasoning, characteristics and outcomes of managerial decision-making in the setting where the studied phenomena occurred (Aharoni, Tihanyi, & Connelly, 2011). Consequently, the research conclusions failed to explain specific phenomena which occurred in the multiple cultural settings and in the dynamic interaction amongst the micro (individual), meso (organisational), and macro (industrial, national or global) levels of cultures (Erez & Gati, 2004; Johnson, Lenartowicz, & Apud, 2006; Matveev, 2002; Zhang & Lopez-Pascual, 2012). In addition, over the past 35 years the economy has become increasingly globalised, resulting in greater heterogeneity of markets and consumers. This suggests that the 1980s context is very different from today's context. Thus, Hofstede's (1980) method with the single company (IBM) focus and the potential bias of self-completed questionnaires is not appropriate for or relevant to examining cultures at the individual and/or sub-group level (Blodgett., Bakir, & Rose, 2008; Craig & Douglas, 2005).

Another stream follows the social constructivist paradigm and considers that culture is about self-understanding of knowing what to do and how to act during social interaction (Reckwitz, 2002) because an individual person's particular activities and actions are attached to society, and the norms, rules, and resources society furnishes are essential to those activities and actions (Whittington, 2006). Thus, individual actors give meaning to culture which embodies their own perceptions of the world, and thus the meaning of culture may vary from one person to the other (Gales, 2003; Weick, 1995; Zhang et al., 2012). With a new focus on exploring the interplay of micro (individual) and meso (organisational) levels of cultural and behavioural phenomena, some scholars recently introduced a concept of 'sensemaking' into the IBC literature, contributing to an understanding of managers' lived experience and their sense made of strategic changes in their business environment (see Monin, Noorderhaven, Vaara, & Kroon, 2013; Woldesenbet & Storey, 2010). Some scholars have developed qualitative approaches in the field of studying IBC from the SP perspective, such as narrative (see Bodolica & Spraggon, 2015; Makkonen, Aarikka-Stenroos, & Olkkonen, 2012; Singh, et al., 2015), discourse (see Nambiar & Chitty, 2014; Stiles, 2011), and materiality (see Arnaud, et al., 2016). Jarratt and Stiles (2010) developed three strategising practice models, namely, routinised practice, reflective practice and imposed practice, shedding light on the development of integrative conceptualisation and theoretical models through investigating insights of what people actually do, say, or think to make their own and/or influence other's decisions in the international business arena.

These perspectives suggest that a theoretical gap appears to exist between the positivist studies that focus on using quantitative methodology to test ‘generalisation’ and the social constructivist studies that focus on using qualitative methodology to explore ‘specialisation’. This challenges researchers to develop integrative conceptualisations to guide empirical studies.

2.4.2 Research Gaps in the Study of IBC

The literature reveals that there are four major research gaps in the study of IBC. First, studies examining the degree and the dimensions of IJV collaboration have yet to be developed (Yan et al., 1994; Yang, 2011). In addition, previous studies of the relationship between partner company control and IJV performance have produced ambiguous and inconsistent results (Darabi & Clark, 2012; Geringer & Hebert, 1989). This may be caused by a number of factors, such as the different research settings; the combination of subjective judgments and financial indicators involved in performance measurement; and the choice of which methodology should be adopted as the appropriate measure of IJV performance (see Yan et al., 1994).

Second, empirical studies of the relationship between IJV management and performance are still rare, and thus this topic has become controversial (Li et al., 2009; Yan et al., 1994; Yang, 2011). For example, in a study of IJVs between developed country partners, Killing (1983) found that the relationship between management control and performance was U-shaped¹. When one parent was dominant in the management of the venture and performed better than the other, this structure led to poor IJV performance. Lecraw (1984) used a sample from joint ventures in five developing Asian countries and found that the relationship between management control and performance appeared more likely to be positive and linear. Geringer et al. (1989) argue that the relationship between control and performance is not simply linear, but rather discursive, due to the influence of contingent factors. Yan et al. (1994) conducted case studies of Sino-U.S. IJVs and found that when the management system, decision-making process, and strategy practices of a joint venture were similar in structure to those of one parent who replicated its own way of organising in the IJV, that

¹ A U-shaped relationship refers to the curvilinear relationship between control and performance; for instance, a better performance occurs when all parent companies have a balanced level of control in management (Killing, 1983).

parent exercised a higher level of overall control than its partner. Similarly, Kobernyuk, Stiles and Ellson (2014) more recently found that replicating a foreign partner's structure and culture in Russia led to better performance than relying on indigenous configurations. However, the variations of research results have been problematic for cross-study comparison and future research reference (Geringer et al., 1989; Lewin & Minton, 1986; Yan et al., 1994; Yang, 2011).

Third, studies of the influence of dynamic elements (e.g., strategy practitioners, strategy praxis, and strategy practices) on IJV performance and collaboration have remained underdeveloped during the last two decades (Yan et al., 1994). Although some studies have been conducted (e.g., Beamish, 1993; Newman, 1992; Teagarden & Von Glinow, 1990), empirical findings on the dynamic relationships amongst IJV partners, strategy practice, and collaboration have been insufficient, especially regarding how culturally influenced social and behavioural practices impact on Sino-Western IJV strategising and control of board decisions. Moreover, previous studies paid little attention to how the change of interaction influences the level of control, how strategy practitioners exercise ownership strategy to control bargaining power, and how the decisions made by the respective management groups influence the IJV relationship and the development of IJVs (Blodgett, 1991; Fagre & Wells, 1982; Killing, 1983; Lecraw, 1984; Yang, 2011).

Fourth, very little research has been conducted at the level of the key internal stakeholders within the collaborating companies that form and develop an IJV from the sensemaking perspective, and little is known about the lived-in reality of these stakeholders who create and operate an IJV and even less about the sense they make of their own strategy practice (SP) and that of key stakeholders in their partner company.

2.4.3 Opportunities for Further Study

The major research gaps encourage researchers to explore the lived in reality of IBC, so there is greater appreciation of the SP and how people make sense of this. Researchers are also challenged to develop methodology to advance theory and practice, with a focus on how business practitioners take actions to structure, manage, and govern international business collaboration team in the day-to-day IJV collaboration activities (Contractor & Reuer, 2014; Hambrick, Li, Xin, & Tsui, 2001).

These shortcomings in the literature motivated me to base my study on the sensemaking about practice in the field of IBC, and in particular, within the context of a Sino-NZ IJV collaboration. It prompted me to probe the sensemaking about strategising in order to advance our understanding of the what, why, and how related to key internal stakeholders performing their roles in maintaining and developing their collaboration in everyday organisational activities.

As will be evident in the strategy practice chapter which follows, from a sociological perspective, IJV collaborative practice can be considered as social practice - as an organised human activity (Schatzki, 2005). This lens led me to choose to conduct a case study of an IJV collaboration for two reasons. First, the emergence of IJVs is reshaping international business and involves purposeful activities to achieve competitive advantages (Calhoun & Harnowo, 2015). Second, exploration of the complexity and interaction dynamics can create opportunities for a more nuanced understanding of SP within the context of an IBC (Liu et al., 2014; Vaara et al., 2010).

2.5 Summary

A major theme in the literature is that cultural factors have substantive influences on the strategic success of IBC. Differences in cultures have been found to influence social or ritual behaviour, values, and organisational practices amongst international enterprises and can increase complexity and ambiguity associated with negotiation, formulation and implementation of ownership structure, and managerial decisions (Kumar & Patriotta, 2011). This leads to difficulty in achieving IBC (Das & Kumar, 2010). Kobernyuk et al. (2014) suggest that assessing the cultural “fit” of the alliance partner is an important process in IJVs success. As mentioned earlier, an estimated 30-70% failure rate has been found to occur during post-acquisition integration (Yang, 2011). Besides that, assessing the strategic “fit” of alliance partners is an important process as it can guide decisions prior to acquisition integration (Lavie, 2006).

There are two debatable perspectives about how an IJV is managed. One is that the success of an IJV is determined by a dominant partner company that exercises control over the venture’s activities, because by so doing, it reduces disputes and conflicts over managerial and operational decisions (see Ding, 1997; Geringer & Hebert, 1989; Yan & Gray, 2001). The other perspective is that shared control creates mutual respect and a collective sense of

fairness, which not only promotes trust but also reduces partner conflict in collaboration (Steensma & Lyles, 2000). Research findings on the relationship between collaboration and control and their influence on IJV performance appear to offer conflicting results, and thus generate controversy in the IJV literature (Yang, 2011).

There are three major reasons that have led to controversial or inconsistent research results, including: (1) a lack of an integrative approach to studying control and IJV performance (Geringer et al., 1989); (2) a lack of multiple-level analyses of all the IJV partners' perspectives associated with the degree and dimension of control in IJV managerial decisions (Luo & Park, 2004); and (3) a lack of correlation between theory-building and testing (Yan et al., 2001). Yang (2011) concludes that one of the major factors that have contributed to the empirical inconsistencies in the literature is that the nature of the relationship between partner control and respective management teams and how partner control is affected by such relationships in IJVs is ambiguous.

The next chapter discusses the relevance and value of employing the SP perspective in understanding IBC.

CHAPTER 3: LITERATURE REVIEW – STRATEGY PRACTICE

3.1 Introduction

As discussed in Chapter 2, neither traditional knowledge and resource-based views, nor Hofstede's cultural differences framework explain alliance dynamics and strategic improvisation in the international business arena. This chapter focuses on strategy practice and practices, as the strategy practice (SP) perspective of IBC is concerned with the 'who' (those people performing in relation to strategy), 'what' (the doings, sayings, or thinking in relation to strategy), and 'how' (the strategic tools or approaches employed) of strategising. First, I provide a discussion of strategy practice (SP) from the sociological perspective (Sztompka, 2008). Second, I discuss the relationship between social practice and social practices in strategising along with a summary of the major characteristics of practices. Third, I consider the impact the sociological and practice turn is having on the study of strategy. Fourth, I discuss the four types of approaches that have been used to provide insights into SP. Fifth, I address an outline of current research gaps in the study of SP and summarise the main points from the chapter.

3.2 Strategy Practice

3.2.1 *The Sociological Perspective of SP*

The concept of SP has some of its roots in the classic process studies that argued the importance of organisational routines, politics, culture, and sensemaking in strategic decision-making and change (Burgelman, 1983; Mintzberg & Waters, 1985; Weick, 1995). More generally, it has roots in the sociological theories of practice (Vaara & Whittington, 2012), with origins traceable to Wittgenstein (1951) and Heidegger (1962).

SP scholars have argued that SP study differs from the study of strategy process because process research has paid more attention to managerial agency, while SP research focuses more on the structuring role of organisational and social practices (Vaara et al., 2012). For example, process scholars often consider top managers to play the key role in strategic activities, with others just followers of this demanding work. However, practice scholars view people at all organisational levels as potential strategists when they are involved in doing strategy work, either at a personal or professional level (Whittington, 2006). SP scholars study a wider range of practitioners in relation to three different levels of analysis: macro (institutional), meso (organisational), and micro (individual). There are some studies

on micro-strategising that focus on how actors shape their strategic actions, the different approaches and/or methods that actors use in strategising, and how the variations in the use of strategic tools can affect actors involved in interaction – for example, by contributing to an emergent discrepancy in sensemaking about strategic actions or to misunderstandings between actors in the interaction (Abolafia, 2010; Balogun, Jacobs, Jarzabkowski, Mantere, & Vaara, 2014; Jarzabkowski, Balogun, & Seidl, 2007; Kwon, Clarke, & Wodak, 2014). Macro-strategising research aims to develop a better understanding of strategising in institutional contexts, with a focus on structuring roles and practices of institutions (Denis, Langley, & Rouleau, 2007; Steyn & Niemann, 2010). Although the term “meso” is contested – for instance, some scholars define meso as industry-based, rather than as organisationally-based (e.g., Langenus & Dooms, 2015; Minh & Hjortsø, 2015; Porter, 1980) – SP studies on meso-strategising tend to pay attention to social phenomena occurring in organisational contexts and the structuring roles that organisations play in the sense of formulating organisational strategies, activities, and practices (Orlikowski, 2010; Whittington & Vaara, 2012). In fact, all of these types of studies remain part of the same ‘family’ and share a similar agenda to provide a better understanding of doing strategy work (Floyd, Cornelissen, Wright, & Delios, 2011; Whittington, 2007).

Some SP research draws on the process approach, concerning, for example, strategy making (Burgelman, 1983), strategic planning (Langley, 1989), sensemaking (Gioia & Chittipeddi, 1991), and middle-manager strategising (Mantere, 2008). These studies have demonstrated the importance of strategic management, but have paid less attention to explaining how managers perform their roles from the viewpoint of strategy as a social practice (Vaara et al., 2012). Strategy scholars therefore use ethnonarrative, discursive, improvisation, and sensemaking approaches to capture micro-level practices in real time (Eisenhardt, Furr, & Bingham, 2010; Foss, 2011; Spee & Jarzabkowski, 2011).

Since the early 2000s, empirical SP studies have emerged either as individual journal articles (Jarzabkowski et al., 2007; Jarzabkowski & Spee, 2009; Whittington, 2014; Whittington et al., 2003) or as books (Golsorkhi, Rouleau, Seidl, & Vaara, 2010; Heracleous & Jacobs, 2011). More generally, the *practice turn* has become one of the most important developments in the social sciences and organisational theory (Reckwitz, 2002; Whittington, 2006). This ‘turn’ includes seminal and diverse contributions by philosophers (e.g., Foucault, 1980), sociologists (e.g., Giddens, 1984), anthropologists (e.g., Bourdieu, 1990),

ethnomethodologists (e.g., Garfinkel, 1967), activity theorists (Engeström, Miettinen, & Punamäki, 1999), discourse scholars (e.g., Fairclough, 2003), and many more.

SP research links together these varied traditions of theoretical and empirical work (Vaara et al., 2012). Sociologists assert that organisational work is a set of social practices because an organisation is a microcosm of society; and all matters of society ultimately exist in and are explained by social events about people and by the phenomena of social life (Schatzki, 2005). From the sociological perspective, SP research treats strategy as something people *do* in terms of ordinary and everyday strategic processes involving macro, meso, and micro levels, focusing on the ways that organisational and social practices impact on strategic decisions and actions (Mintzberg et al., 1985; Whittington, 2006). This recognition of strategy indicates “the practical, repeated and interlinked nature of strategising” (Whittington, 2006, p. 616), which challenges strategy scholars to develop methodology, changing from using traditional quantitative approaches, such as mass surveys, to using qualitative approaches (Weick, 1992) in order to provide a better understanding of what goes on in social practice and how practitioners participate in and manage complex organisational arrangements (Blomquist, Hällgren, Nilsson, & Söderholm, 2010; Clegg et al., 2004; Vaara et al., 2012; Whittington, 2006).

In SP research, practice is considered to consist of four concepts: *practitioners*, *practice*, *practices*, and *praxis*. Practitioners are those “who do strategy work,” practice is “a repeated action,” practices are “the accepted ways of doing strategy work,” and praxis refers to “doing strategy work” (Vaara et al., 2012, p.286). The practitioner, whether an individual or a group, is viewed as the most important active and creative agent, because the skills, knowledge, and initiatives of the practitioner make strategic activities different (Whittington, 2006). Organisational research has increasingly engaged with the practice turn to understand the interrelationship between the four central concepts of strategy practitioners, practice, practices, and praxis (Whittington, 2006). Some scholars (e.g., Aharoni, et al., 2011; Bird et al., 2016; Bodolica et al., 2015; Costa et al., 2016; Froese et al., 2012; Jarratt et al., 2010; Nambiar et al., 2014) have developed these concepts in the study of IBC.

Strategy Practitioners

According to Whittington (2007), people are *strategy practitioners* performing at two different levels: a personal level and a professional level. At a personal level, people are

involved in everyday strategy activities with 'lived' experiences. For example, a housewife puts efforts into cooking a beautiful Christmas dinner within a tight budget; a working mother persuades her little boy to go to bed before 8:00 p.m. during a school holiday; a friend makes an excuse to delay the return of borrowed money; women and men search for the perfect marriage; and so on. At a professional level, practitioners, such as entrepreneurs, managers, consultants, salespeople, engineers, journalists, and business school gurus, can be seen either as individuals or as professional groups with a collective identity (Whittington, 2007), working either within an organisation or outside of an organisation (Whittington et al., 2011).

Traditionally, strategy research has regarded top managers as strategists and the role of others as simply to implement their strategies (Mantere & Vaara, 2008; McCabe, 2010). SP, discursive and sensemaking scholars of strategy have increasingly extended the concentration on top management's strategic activities (Nag, Hambrick, & Chen, 2007) to a wider range of strategists (Vaara et al, 2012). For example, Mantere (2008) and Rouleau (2005) demonstrated that middle managers play a key role as creators, interpreters, and communicators of strategy in day-to-day organisational activities. Accordingly, SP studies are beginning to pay more attention to multiple levels of actors in strategic activities such as salespeople, technological experts, strategy consultants, strategy advisers, strategy planners, professionals, and business school gurus (Ezzamel, Willmott, & Worthington, 2008; McCabe, 2010; Nordqvist, 2012; Paroutis & Pettigrew, 2007; Whittington et al., 2003).

From a sociological perspective, practitioners are never isolated individuals: They are social beings, whose socio-political and rhetorical skills, cultures, gender, and personality all make a difference to who they are, how they work, and what they can achieve (Rouleau, 2005; Samra-Fredericks, 2005). Practitioners can be considered as creative protagonists connecting micro-, meso-, and macro-features in their daily work. So far, studies of cross-cultural negotiation have paid more attention to the macro (e.g., social culture, institutionalisation) and the meso (e.g., organisational culture and ethics, and negotiation procedure), but have paid less attention to the micro-practices of practitioners. For example, Hofstede, Jonker, and Verwaart (2012) examined cultural diversities in negotiation and found that German people want to know the exact cost of a product before they buy, while the Chinese like to bargain the price. Chung, Sternquist, and Chen (2008) found that Japanese people feel comfortable dealing with well-known suppliers and stay in long-term business relationships. The question

is: Can we say *all* German, Chinese, and Japanese have such characteristics? The answer is obviously *no* because the statement would be an over-generalisation.

In this study, practitioners are considered as individuals with professional skills who are directly involved in day-to-day IJV activities and/or influence strategic decision-making in the practices of a Sino-NZ IJV collaboration. In particular, this study highlights how the actors and their activities interact with the specific context of a Sino-NZ IJV to show idiosyncrasies of praxis (Chia & MacKay, 2007; Jarzabkowski, 2003; Whittington, 2007) and how sensemaking influences the way cross-cultural practitioners account for their own performance and the performance of others (Mills, 2005). According to Langellier (1999), “*Performance* is the term used to describe a certain type of particularly involved and dramatized oral narrative” (p. 127). In other words, *performance* is the term of how actors tell their own and others’ experience or work, with a focus on “putting narrative into practice” (Langellier, 1999, p. 127). Thus, narratives of performance are tightly linked to narrators’ identity, experience, and the situations involved.

Strategy Practice

A *practice* is a repeated action; it is developed from an actor’s lived experience and is an action that actors undertake from procedural memory, not necessarily from conscious thought (Bourdieu, 1990; Jarzabkowski, 2004; Samra-Frederick, 2003). From a sociological perspective, practice is viewed as a social phenomenon (i.e., the focus is on everyday doings of organising), as a social perspective (i.e., the focus is on the situated and recurrent nature of everyday activity), and as a social philosophy (i.e., the focus is on the value of understanding practices as constitutive of reality) (Golsorkhi et al., 2010). According to Golsorkhi et al. (2010), the focus on practice as a phenomenon empirically develops an understanding of what organisational members do every day when they show up for work. The focus on practice as a perspective examines the recurrent doings and sayings of actors and how those are shaped by and shape practices. Researchers focusing on a practice philosophy believe that strategy practice is not about believing in a single, unchallengeable, definite ‘reality,’ but about understanding multiple accounts and polyphonic voices that each constitutes a different version of a complex sociomaterial world. Thus, studies of organisations must be grounded ontologically, theoretically, and empirically in lived practice. Therefore, these three features are not mutually exclusive but they have different implications for how SP studies are understood and performed (Golsorkhi et al., 2010).

The sociological perspective views strategy as sayings and doings in terms of ordinary and everyday strategic micro-processes, linked to other analytical levels, rather than as a property organisations possess (Whittington, 2006). In other words, strategy is considered as a dynamic action instead of a static object. Chia et al. (2006) used Heidegger's phenomenological work to explore a view of strategy as a lived experience embedded in reciprocal interactions. They argue that strategy emerges non-deliberately through everyday practical coping rather than being derived from purposeful planning. It has been accepted that human interactions lie in reciprocal exchanges (Molm, Schaefer, & Collett, 2007) that constitute a way of doing strategy work (Jarzabkowski, 2004). According to these definitions, the nature of strategy practice can be considered as a form of reciprocity in relationships (Jarzabkowski, 2004).

Reciprocity is a significant social phenomenon in human interactions (Bourdieu, 1990; Sethi & Somanathan, 2003). Acts of reciprocity happen every day: For example, friends exchange gifts with each other; neighbours take care of one another's houses when the other is away; buyers purchase products and services from sellers; and colleagues help each other with work. People often deliberately follow the rules of reciprocity: giving benefits to another in turn for benefits received (Molm et al., 2007). On the other hand, 'tit-for-tat' may be a less-positive common act of reciprocity, and especially occurs in the business world. For example, competitors engage in a 'win-lose' game; sellers knock down the price to scramble for customers; and colleagues fight for a single promotion. Molm et al. (2007) conclude that all forms of exchange involve reciprocity in relation to SP. Specifically, positive SP produces confidence and motivation to build mutual trust in the relationship, while negative SP increases uncertainty and leads to hostile relationships. However, little is known about what practitioners in an IJV really do and/or say to contribute their knowledge and resources to a collaboration focused relationship.

Strategy Practices

In a broad sense, *strategy practices* refers to the shared routines of behaviours such as traditions, norms, rituals, and procedures of strategy work (Jarzabkowski et al., 2009; Vaara & Whittington, 2012; Whittington, 2006; Whittington, 2007). According to this definition, the characteristics of practices can be described as *formalisation* (Vaara et al., 2012), *routinisation* (Giddens, 1984), and *adaptation* (Jarzabkowski, 2004).

First, from a policy perspective, strategy practices are generally formalised at a macro-institutional level and/or a meso-organisational level to examine and develop their effectiveness, and thus have power to enable and constrain organisational actors' behaviours (Giddens, 1984; Vaara et al., 2012). In turn, formalised behaviours serve as the basis of organisational success or survival (Salvato, 2003). Second, Chia and Holt's (2006) study demonstrates that strategic actions do not always require intention and purpose, but such actions are congruent with past experiences. Vaara et al. (2012) argue that strategising derives from everyday routinised practices because routinisation links the past and the present to the future (Mills, 2005; Weick, 1995), which enables actors to cope with puzzling situations with practical intelligence and confidence. In this context, routinised practices refers to the repeated execution of a behaviour. Finally, the subtle interplay between macro-, meso-, and micro-contexts indicates the dynamic nature of practices, which provide an opportunity for adaptation (Jarzabkowski, 2004). In other words, changing practices are carried out in interactions within and between the three levels of contexts. For example, when new recruits of an organisation learn the procedures and rules, they often question, evaluate, and challenge those practices in relation to their own habitus. By repeating the day-to-day routine work, the recruits not only unintentionally follow the shared practices, but also deliberately introduce their own habits into the existing ones, resulting in an adaptation of practice in the interaction both between actors and between actors and the context over time. From these perspectives, the 'adaptation' feature of cultures is in contrast with the positivist belief that cultures are static.

Strategy Praxis

Praxis refers to actual strategic activity (Vaara et al., 2012; Whittington, 2006). Many SP scholars have found that praxis and practices are interdependent and mutually constitutive, embedded in strategy agents' daily activities (Ambrosini, Bowman, & Burton-Taylor, 2007; Chia & MacKay, 2007; Regner, 2003; Samra-Fredericks, 2003). Some theorists consider praxis as a stream of activities that links the micro-actions of individuals and groups with the macro-actions of institutions (Reckwitz, 2002; Samra-Fredericks, 2003). Jarzabkowski et al. (2009) further divided the levels of strategy praxis into micro-level (strategic actions at the personal level), meso-level (strategic actions at the organisational level), and macro-level (strategic actions at the institutional level).

Strategic ambiguity is increasingly becoming a positive aspect of SP in organisation studies (Vaara et al., 2012). For example, Mantere, Schildt, and Sillince (2012) examined how different meetings and presentations can be used to deliberately construct forms of ambiguity that enable strategic actions. Denis, Dompierre, Langley, and Rouleau (2011) found that organisations can temporarily minimise conflict by employing strategic ambiguity, such as equivocal language and inflation of objectives, thus allowing them to defer hard choices until a later time (Spee & Jarzabkowski, 2011). From this perspective, a theoretical gap about ‘ambiguity’ appears to exist between the SP perspective and the KBV or RBV in that the former provides the details of a specific problem and motivates practitioners to develop strategies to improve mutual understanding of collaboration (see Mills, 2005, 2006, 2009), while the latter provides general reasons of the problematic situation and suggests practitioners adopt competitive strategies to protect self interests and modify their own and the other’s knowledge-based resource contributions to IJV performance (see Westman et al., 2016; Yang et al., 2009; Zhu et al., 2013).

3.2.2 Social Practice and Social Practices

Social practice refers to joint social activities (Turner, Oakes, Haslam, & McGarty, 1994), which are neither the isolated actions of an individual actor, nor simply *any* form of societal aggregation (Golsorkhi et al., 2010). For example, a wedding party is generally viewed as a joyous occasion in which participants enjoy and celebrate the happy event together. During the party, most participants are willing to follow the rules, such as following the time schedule, wearing an appropriate dress, preparing wedding gifts and cards, showing a happy mood, and so on. Schatzki (1996) explains such social practice as harmonisation-oriented actions based on collective experience by linking the common sense, the present event, and emotion (Maffesoli, 1989). On the other hand, the nature of social practice is dynamic and intangible (Sztompka, 2008), and it depends on dynamic human relations and cognitive actions (Schatzke, 2005).

Social practices can be considered as something people act upon such as rules, structures, procedures, and rituals (Reckwitz, 2002). Practices help constitute and stabilise social behaviours. In turn, shared social practices help maintain and improve individuals’ practices (Schatzki, 1996). For example, turning off lights when leaving the office, throwing rubbish into the rubbish bin, and washing a teacup after using it in the shared kitchen are consistent with actions that are constructed and reconstructed in routinised activities. In turn, such

shared social practices constitute a common understanding of how to do certain activities (Feldman, 2000).

The literature review revealed several major characteristics of practices. These characteristics include habitus, power, and complexity, and these are discussed in greater detail in the following sections.

Habitus

As previously mentioned, a practice is a repeated action, developed from an actor's lived experience, and undertaken from procedural memory, not necessarily from conscious thought. Such consistency of practice is captured by the concept *habitus* (Bourdieu, 1990): Habitus refers to the deeply seated habitual behaviours, skills, and dispositions that a person possesses as a consequence of that person's life experiences (Bourdieu, 1990, 1998). Recently, Chia and Holt (2006) used Heidegger's building and dwelling modes to argue that habitus is a *modus operandi* which enables actors to unconsciously cope with uncertain situations within a specific sociocultural context. In other words, habitus comes from "an internalised disposition to act in a manner congruent with past actions and experiences" (Chia & Holt, 2006, p. 645). This internalised predisposition is immanent in every adaptive action (Chia et al., 2006). Habitus therefore can be considered as immanent strategy; strategy is immanent in action, and action in turn constitutes habitus (Chia et al., 2006). Habitus is also the product of history (Bourdieu, 1990). In other words, habitus is the active presence of the whole past that is prone to inertia without conscious thought given to the ends (Bourdieu, 1990). For example, employees may follow a work schedule without deeper questioning or thinking, and thus the schedule enables managers to pay little attention to its persistence (Jarzabkowski, 2005). On the other hand, habitus produces discursive practices through learning, interpreting, and acting upon structures (Giddens, 1984; Jarzabkowski, 2005). In other words, heterogeneity of habitus causes idiosyncratic practices that challenge the formalised practices. In turn, the homogeneity of habitus produced within a social group enables practices to be harmonised through learning (Bourdieu, 1990). For example, an organisation's new salespersons get training to learn sales skills and procedures. Meanwhile, they habitually serve customers using their lived experiences and knowledge. By day-to-day repetition and interpretation, the salespersons improve their sales skills and update their experiences, and thus individual habitus is assimilated into collective habitus with identical characteristics. In fact, a given agent's practice in relation to the future governs that agent's

present practice, which is limited by accessible physical and social conditions (Bourdieu, 1990). Therefore, habitus is dynamic, linking the past and the present to the future through learning (Weick, 1995).

Power

The concept of power is central to an understanding of strategy due to the interactive relationship between power and politics and its influences on organisational learning (Carter, Clegg & Kornberger 2010; Lawrence, Mauws, Dyck, & Kleysen, 2005). According to Carter et al. (2010), “Power is exercised over others and society is constituted through the domination of the weak by the strong”, which indicates the social relations in hierarchical forms (p. 583). Lawrence et al. (2005) point out that “Power and politics provide the social energy that transforms the insights of individuals and groups into the institutions of an organisation” (p. 180), and this transformation is connected with organisational politics and organisational learning processes in which some insights about disciplines, rules, and policies become institutionalised.

Earlier studies on power emphasise two different forms of power: *systemic* and *episodic* (Clegg, 1989; Foucault, 1977; Giddens, 1984; Lawrence Winn, & Jennings, 2001). Episodic power refers to distinct, strategic political actions mobilised by self-interested actors (Pfeffer, 1981). Research on episodic power focuses on examining top managers’ role-play in influencing organisational decision-making (Jarzabkowski, 2008; Vaara, Tienari, Piekkari, & Santi, 2005). In terms of systemic forms of power, practices of an organisation promote power relations that produce productive force (Clegg et al., 2004) to induce stakeholders to follow organisational structures, policies, principles, rules or the ensemble of actions within a social group (Clegg, 1989; Foucault, 1982). The distinction between episodic and systemic forms of power demonstrates a flow of power between the organisation and its members, which explains how organisational politics affect the movement of ideas from individuals through groups to the organisation, and from the organisation back to individuals (Carter et al., 2010).

Using Giddens’ structuration theory (1979) as an example, organisational structures have a dual nature (Rosen, 1991). On one hand, organisational structures constrain the behaviours of organisational members, for example, in terms of how payments are distributed according to job titles and efforts, how job promotion is influenced by work relations and contributions,

and how the length of holiday leave is decided by records of attendance. On the other hand, structures involve a binding emotional commitment that allows members to willingly follow the rules and procedures (Rosen, 1991). Recently, Lawrence, Malhotra, and Morris (2012) examined the roles of episodic and systemic forms of power in radical organisational change and argue that the two forms of power interact as central to organisational change. They claim that the role of episodic power is to initiate and energise radical change when it represents a substantive break from traditional authority structures and is legitimated through appeals to traditional organisational values; while the role of systemic power is to institutionalise radical change when the systems associated with it are legitimated by the key actors who independently operate the systems. Lawrence et al.'s (2012) findings are consistent with that of Crossan, Lane and White (1999), who point out that if an individual's idea has been translated into a legitimate interpretation, it is available in a form that can potentially be integrated into the activities of a group; if individuals' interpretations are to take control at the group level, and thereby be integrated into the group's activities, stories must be told, revised, or retold to affirm narrative identities and inspire collective actions. These studies provide a foundation for understanding how organisational politics affect organizational learning by linking episodic power (interpreting and integrating new ideas) to systemic power (institutionalising new ideas).

Complexity

The reality of globalisation is complex (Law & Urry, 2004). The social phenomena involved are less about territorial boundaries and the pursuit of independence and more about flow, connection, and interdependence (Law et al., 2004). Hawking (1988, as cited in Law et al., 2004) suggests that the interaction between human beings and the physical world result in the dynamic quality of social practices. For example, some people are very sensitive to price, some are very fussy about quality, some like to complain, and some enjoy taking risks. We cannot use a simple 'cause and effect' linear system to predict the consequences of particular actions (Law et al., 2004). Therefore, social scientists disagree with reductionists, who separate the whole into parts to explain actors' social behaviours (Law et al., 2004).

In summary, according to Brandom (1979, as cited in Rouse, 2007), the social practice of a community not only has its idiosyncratic characteristics, but also can adapt its performance in accordance with another social practice. Foucault (1979, as cited in Rouse, 2007) explains that actors do not act directly and immediately upon others; instead, they act in congruence

with practices in relation to reciprocal interactions (Korte & Chermack, 2007). For example, Asian people generally care more about saving face than about doing business (Fang, 2006). If a New Zealander wants to do business with a Chinese person, the New Zealander may have to moderate his or her actions and ensure that the Chinese person does not lose face. In turn, the Chinese person will appreciate and do the same for the New Zealander. In so doing, they open the potential opportunity of doing business based on a trusting relationship.

3.2.3 The Sociological and Practice Turn

The focus on everyday life is relatively new in sociology, and it is regarded by some as the “third sociology” (Sztompka, 2008). This new sociological turn concentrates on what experienced and observable social events occur in human society (Sztompka, 2008). This trend signals a paradigmatic shift from the focus on quantitative mass surveys of social organisms, systems, and behaviours to that of more qualitative approaches to visible and less visible social existence. Sztompka (2008) believes that the best way of understanding people’s social behaviours is by looking around where they work and live, and that in so doing, one is able to understand people’s strategic actions in daily work. From this perspective, if I really want to understand how key actors improvise strategies in response to the complexity inherent in IJV activities, I do not send out questionnaires; instead, I talk with actors and listen to them as well as observe their behaviours during the process of their IJV collaboration.

To explain how people shape, reshape, and execute strategy over time, Jarzabkowski (2005) divides strategising into four types: *pre-active strategising*, *procedural strategising*, *interactive strategising*, and *integrative strategising* (Barzelay, 2006). Pre-active strategising mainly concerns organisational planning activities before any actions are taken (Barzelay, 2006). For example, SWOT analysis and scenario planning (Korte et al., 2007) are often used as strategic tools at this stage. Procedural strategising is associated with shaping strategic activity upon routinised administrative practices (Jarzabkowski, 2005). Because organisations involve collective actions and/or practices, organisational members either willingly share these practices as their own or deliberately accept them in response to leaders’ control (Mintzberg et al., 1985). Interactive strategising is associated with orchestrated interaction between top managers and other actors through discourse (Barzelay, 2006). Integrative strategising builds interpretive links between activities, mediating the conflict between procedural strategising and interactive strategising (Jarzabkowski, 2005).

With regard to the process of strategising, debate has arisen about whether to clearly draw a line between strategy practice and purpose-oriented strategy and reduce the emphasis on intended strategic planning (Spee et al., 2011). Some strategy scholars insist that strategic planning remains popular in organisational practice due to its inherent power in control and communication (Hodgkinson, Whittington, Johnson, & Schwarz, 2006; Mantere, 2008; Mintzberg, 1994). For example, Grant and Dweck (2003) demonstrate that strategy documents play a key role in capturing and developing organisational strategies. These help constitute a dynamic strategic process by linking discourse, power relations, and emotions. If strategic documents play a role in transferring meanings amongst actors through interpretation, then this process can be considered as a dynamic communicative process that constitutes discursive strategy practice. In turn, strategic documents can be valued as the strategic tool and improved in the processes of formulation and assessment (Cervone, 2014; Grant & Dweck, 2003; Jarzabkowski & Whittington, 2008). Therefore, strategic planning is viewed not only as a necessary part of SP but also as an important tool for unravelling SP.

The practice turn is also concerned with which research methodologies SP researchers should use to be able to effectively investigate the day-to-day strategy-making process and actual strategy work (Whittington, 2006). Some approaches to this have been developed in strategy literature. These approaches include the sociomateriality approach, discursive and ethnonarrative approaches, the improvisation approach, and the sensemaking approach, each of which I will now focus upon. Although studies may combine more than one approach, this typology is useful in revealing the main characteristics of the broad research streams within SP.

3.2.4 Approaches of SP

Sociomateriality Approach

In response to the more recent *material turn*, which has paralleled the practice turn, organisation scholars have brought a sociomateriality approach into SP studies (Arnaud, Mills, Legrand, & Maton, 2016; Balogun, Jacobs, Jarzabkowski, Mantere, & Vaara, 2014; Chia & MacKay, 2007; Fenwick, Nerland, & Jensen, 2012; Leonardi, 2015; Orlikowski, 2007; Tunçalp, 2016). This approach is a combination of material technologies and social practices that constitute genres that significantly structure the day-to-day organisational SP activities (Orlikowski, 2007). According to Pälli, Vaara, and Sorsa (2009), *genre* refers to socially recognised types of communicative actions enacted by members of a community to

share particular social purposes. Many scholars believe that everyday organising is inextricably bound up with materiality from both visible forms (such as buildings, rooms, desks, computers, books, documents, vehicles, phones, bodies, clothes, and actions), and less visible forms (such as data and voice networks, water and sewage infrastructures, electricity, and air systems) (Callon & Law, 1997; Kaplan, 2008; Orlikowski, 2007; Orlikowski & Yates, 1994). Some empirical examples, concerning the Google search algorithm and mobile communication (Fenwick et al., 2012), illustrate the material turn that embodies the constitutive entanglement of the social and the material in everyday life (Orlikowski, 2007). Therefore, from the sociomaterial perspective, materiality is viewed as part of social practice embedded in human interactions (Barad, 2003; Chia et al., 2007; Fenwick et al., 2012).

However, this material turn brings challenges to both organisation scholars and SP scholars. It challenges organisation scholars to transcend the traditional distinction between the social and the material (Orlikowski, 2007). For example, people habitually rely on PowerPoint and whiteboards to do presentations in daily work. Customers are able to watch televisions, play on computers, and test mobile phones in electronic shops. All these materials are apparently treated as separate entities, rather than as social practice through interactions (Orlikowski & Scott, 2008). This material turn also challenges SP scholars to figure out the interplay between humans and materiality in the doings of strategy work, for example, in terms of how materials help actors when formulating and implementing strategies in their everyday activities (Orlikowski, 2007).

Discursive and Ethnonarrative Approaches

Due to “the discursive nature of social life” (Samra-Fredericks, 2009, p.145), many organisation scholars advocate a *linguistic turn*, which parallels the practice and sociomaterial turns in social science, and seeks to discover “who uses language, how, why and when” (Hardy, Palmer, & Phillips, 2000). A range of terms, such as *language-use*, *talk*, *discourse*, and *narrative*, have recently become highlighted keywords in these methodological approaches, although such terms are contested and there are many discursive approaches (Samra-Fredericks, 2003). For example, Vaara’s (2002) case study illustrated that narrators are likely to employ different types of discourses to frame and reframe discursive strategies associated with success or failure. In the success accounts, the narrators emphasised their own roles, responsibilities, and actions by using “rationalistic” and “individualistic” discourses (Vaara, 2002). In the failure accounts, the narrators tried to limit

their own responsibilities to avoid blame by using “role-bound” and “cultural” discourses (Vaara, 2002). From these perspectives, people make sense of their actions, and thus strategies do not always reflect upon the truth and disciplinary effects of their own discourses and/or stories (Morgan & Knights, 1991). Therefore, all the terms, concerning *language-use*, *talk*, *discourse*, and *narrative* can be considered as intertwined and entangled elements of communication impacting on the discursive approach of SP (Hendry, 2000; Morgan et al., 1991; Reed, 2000).

An ethnonarrative approach is a combination of ethnographic and narrative methods in organisational study (Hansen, 2006). This approach assembles advantages and arguably balances disadvantages of ethnography and narrative approaches. For example, an ethnographic approach involves the observation of naturally occurring social events and actions (Rosen, 1991). However, different cultural values between the researcher and participants make the research difficult, perhaps resulting in unreliable results. A narrative approach provides an opportunity for physical and emotional interactions between the researcher and participants, and thus this approach helps the researcher understand the participants’ social world by listening to their life stories (Barry & Elmes, 1997; Langley & Fenton, 2011). However, if a conclusion is drawn based solely on storytelling, it may fail to reflect a more comprehensive situation. Samra-Fredericks’s (2003) study showed that narrative research can be improved through an ethnographic inquiry into the contexts where sayings and texts are generated. In turn, the quality of ethnographic analysis can be enhanced by talk.

Improvisation Approach

The improvisation approach has recently emerged in organisation and leadership studies (Clegg et al., 2004; Cunha, Clegg, & Kamoche, 2012), drawing from studies on jazz improvisation (Barret, 1998; Da Cunha, Kamoche, & Cunha, 2003; Humphreys, Ucbasaran, & Andy, 2012). Improvisation refers to something different that you cannot get from planning (Barrett, 1998). Barret (1998) identifies five characteristics of improvisation: creating conditions by avoiding comfortable routines, embracing errors as a source of learning, allowing maximum flexibility by creating minimal structures, continual negotiating toward dynamic synchronisation, and reliance on retrospective sensemaking as form. In summary, the key feature of improvisation is flexibility with a simple structure which allows actors to generate actions.

Organisation theorists have noticed that organisational behaviours are based on practices, such as routines, rules, procedures, and rituals as well as often relying on past success and repetition (Barret, 1998). Following Brown and Duguid (1991), managers assume that formal descriptions of work procedures reflect the way that work actually gets done. In fact, many tasks given are indeterminate and therefore, people often need to improvise to complete daily tasks, especially under stressful conditions (Barrett, 1998). Weick (1992) suggests that jazz improvisation, as a prototype example of organising and leadership, is designed for maximising learning and innovation through retrospective sensemaking (Barrett, 1998).

To understand the different ways in which people do strategy work, we should consider the improvisatory nature of organisational practice (Corley, 2004). Moorman and Miner (1998) explain that people in organisations are often jumping into actions without clear plans, making up reasons as they proceed, discovering new routes once action is initiated, proposing multiple interpretations, and combining disparate and incomplete materials to achieve their target. In this sense, improvisation can be considered as a strategic activity embedded in human interactions (Barrett, 1998). Within the ongoing flow of everyday organisational activities, people make sense of and construct a story for what they actually do (Weick, 2001). In turn, the shared stories and mutual learning enhance improvisational effectiveness (Moorman & Miner, 1998). Therefore, studies on jazz improvisation suggest that SP researchers need to pay attention to intuitive and emotional connections between organisational members and the interactive complexity involved in SP (Barrett, 1998).

As previously stated, some SP work integrates one or more of these three generic approaches. For example, Jarratt and Stiles (2010) employed an activity theory framework to capture strategising insights of senior executives who used traditional strategic tools such as SWOT, PEST, and BCG in contemporary business environments to develop competitive strategy. They developed three strategising practice models: *routinised practice*, *reflective practice* and *imposed practice*, reflecting alternative applications of methodologies and tools. The first model captures routinised behaviour adopted by those who view their future as predictable and an extension of the current environment. The second model posits reflective interaction between the strategist, organisational processes, culture, relationships, and practice, and the final model shows an imposed engagement with strategising methodologies and tools that bypass the organisation's collective structures. These three practice models suggest strategy leaders' activities depend upon their interpretations of the operating environment.

Sensemaking Approach

Some sensemaking scholars have also introduced (strategic) sensemaking into SP studies, with a focus on an examination of how practitioners make sense of the situations that they themselves take part in and how they translate strategic sensemaking into strategy work through materiality (e.g., Arnaud et al., 2016; Stigliani & Ravasi, 2012), strategic discourse (e.g., Holt & Macpherson, 2010; Rouleau, 2005), discursive practices (e.g., Balogun & Johnson, 2005; Brown et al., 2015; Maitlis, 2005; Rouleau et al., 2011; Whittle, Housley, Gilchrist, Mueller, & Lenney, 2015), and narrative (e.g., Balogun, Bartunek, & Do, 2015; Fenton & Langley, 2011; Humphreys, Ucbasaran, & Lockett, 2012; Mantere & Küpers, 2013; Singh et al., 2015). Balogun et al. (2014) reviewed SP literature with a focus on six major bodies of discursive scholarship: post-structural, critical discourse analysis, narrative, rhetoric, conversation analysis, and metaphor. Their study contributes to the establishment of a linkage between three dominant theoretical domains (sociomateriality, sensemaking, and power) and three realms of analysis (institutional, organisational, and episodic). It showed that many approaches, such as those involving materiality, discourse, and narrative are shared in both SP research and sensemaking research.

3.3 Research Gaps in SP

First, although strategy practice (SP), or strategy-as-practice (SAP) research has emerged in the last decade, very little research has investigated how people actually interpret intercultural or cross-cultural strategy practices, and how these interpretations, in turn, impact upon IBC. More attention needs to be paid to translating strategic sensemaking into SP (Floyd et al., 2011) in order to unravel what actors actually do or think and how they do it to achieve a successful IJV relationship, especially during the initial collaboration period. There is also little known about strategy practice within the particular context of a Sino-NZ IJV collaboration.

Second, a claim that a shared common sense of strategic goals and direction drives IJV partners to establish a form of collaborative practices (e.g., standard procedures, rules, and routines) to persist with their commitment to the IJV development has failed to explain the high failure rate of IJVs (Ness, 2009). It has paid little attention to the complexity and uncertainty embedded in an IJV setting in that, besides the shared or joint goals, partners also have their own individual, private organisational goals. Very little research has investigated how IJV partners manage the dilemma of focusing on either joint goals or private goals over

the course of developing their IJV relationship, especially when individual private goals are at odds with the joint goals of the IJV.

Third, the practice turn in theorising strategy has not been matched with the requirement to conceptualise practice, as it is understood in social theory literature (Chia & Holt, 2006). One important, but neglected, aspect of the decision-making process is the dynamic patterns of strategy exchange between actors, because the interactions change over time, especially those characterised in different cultural groups (Young & Schlie, 2011). It is important to fill this gap in order to support intercultural practitioners to understand and develop IBC strategy from sensemaking perspectives.

3.4 Summary

Strategy development has been represented by scholars using two competing models with different emphasis on strategising: a formally structured, process-based model and an incremental, learning-based model (Jarratt et al., 2010). The former formal model focuses on the application of tools in planning and implementation (Gunn & Williams, 2007), while the latter incremental model focuses on the practice of strategising and a link between sensemaking and strategy work (Balogun & Rouleau, 2011; Weick, 1995). Jarratt et al. (2010) stated, “Neither formal nor incremental models provide ‘pure’, unadulterated strategising solutions in practice. Rather, methods and tools are adapted as they are contextualised in hybridized practices” (p. 30). This is true and challenges strategy scholars to continuously develop methodology to provide three analytical levels (e.g., micro-strategising, meso-strategising, and macro-strategising), human-activity-centred interpretative framework for the way strategy is formed and to apply it to gain insights on the practice of strategising (Adamides, 2015). In turn, the development of theoretical theory, methodology, and strategic tools can benefit enterprises to improve performance in contemporary business environments.

The next chapter will discuss the relevance and value of employing one of the four approaches to SP outlined above - the sensemaking perspective - in understanding IBC and SP.

CHAPTER 4: LITERATURE REVIEW – SENSEMAKING

4.1 Introduction

This chapter focuses on different views of sensemaking and their influence on how strategic actions can be understood. First, sensemaking is defined. Second, a theoretical perspective of sensemaking is presented and discussed. Third, sensemaking perspectives of practice are discussed, with particular attention paid to the role of emotion and expectation in sensemaking and sensegiving. Fourth, three sensemaking approaches are presented. This chapter concludes by highlighting current research gaps in the study of sensemaking and summarising the main points from the chapter.

4.2 Sensemaking

4.2.1 What is Sensemaking?

The concept of sensemaking has been extensively discussed in diverse managerial fields such as strategy, organisational behaviour, change management, and communication (Arnaud, Mills, Legrand, & Maton, 2016; Balogun et al., 2014; Garreau, et al., 2015; Gephart, 1993; Gioia et al., 1991; Gioia & Thomas, 1996; Maitlis & Christianson, 2014; Mills, 2002, 2005, 2009, 2011; Rouleau et al., 2011; Weick, 2012; Weick, Sutcliffe, & Obstfeld, 2005). According to Brown, Stacey, and Nandhakumar (2008), “Sensemaking is a generic phrase that refers to processes of interpretation and meaning production whereby individuals and groups interpret and reflect on phenomena” (p. 1038). In other words, sensemaking is about people’s attempts to understand past, present, and future situations, and involves individuals actively construing the ‘reality’ of their understanding and interpretations of what is happening and their ability to lead future activities (Giuliani, 2016; Stensaker & Falkenberg, 2007; Weick, 1995; Weick et al., 2005). In everyday organisational life, sensemaking is often referred to as “understanding the situation,” “being informed,” “knowing where the organisation is going,” “getting the picture,” and “understanding team members’ behaviours” (Hasan & Gould, 2001). According to this lens, sensemaking can be considered as a flow of actions that links inherent cognitive schemas (i.e., the cognitive phenomenon that occurs when individuals make sense of something or somebody) (Giuliani, 2016) to social behaviours through interpretations of phenomenon that connect with the individual level of meaning construction and the social level of meaning construction during social interaction (Weick et al., 2005). In Weick’s 1995 book, *Sensemaking in Organisations*, he proposes a sensemaking framework, together with seven prominent features of sensemaking that

characterise how individuals and organisations make sense of their environment. He describes the seven prominent features of sensemaking as “grounded in identity construction, retrospective, enactive of sensible environments, ongoing, social, focused on and by extracted cues, and driven by plausibility rather than accuracy” (p. 17). Sensemaking is thus portrayed as dynamic relationships amongst actors, actions, environments, and relationships (Mills, 2005, 2009). Sensemaking, by being cast as the essence of understanding organising, has become an important topic in the study of organisational activities (Weick et al., 2005).

4.2.2 A Theoretical Perspective of Sensemaking

The literature reveals that the idea of sensemaking has strongly influenced the field of organisational studies, but there is a debate regarding how to use sensemaking, with references to it as either a “sensemaking theory” (Holt & Cornelissen, 2014; Jensen, Kjærgaard, & Svejvig, 2009; Stein, 2004) or a “sensemaking lens” (Sonenshein, 2009; Stensaker, Falkenberg, & Grønhaug, 2008; Vough, 2012). With respect to the seven properties of sensemaking (Weick, 1995), some scholars often make reference to a “sensemaking framework” (Mills, Weatherbee, & Colwell, 2006). Weick (1995, p. 69) asserts that, “There is no such thing as a theory of organisations that is characteristic of the sensemaking paradigm.” This is consistent with many other writers (e.g., Drazin, Glynn, & Kazanjian, 1999; Hsieh, Rai, & Xu, 2011; Schultz & Hernes, 2013).

Sensemaking literature also reveals that as ambiguity and uncertainty are inherent features in everyday organisational life, sensemaking can be used as a *strategic sensemaking* approach to probe into “the way actors interact, interpret and account for their experience of reality” (Maitlis & Christianson, 2014, p. 60). Rouleau and Balogun (2011) define *strategic sensemaking* as “a social process of meaning construction and reconstruction through which managers create sense for themselves and others about their changing organisational context and surroundings” (p. 955). Garreau, Mouricou, and Grimand (2015) explain that people have different abilities to take on different meanings in distinct social worlds, and thus sensemaking fragmentation is embedded in and influences organisational change. In the study about sensemaking of visual materials, Garreau et al. (2015) find that visual materials have persuasive power to influence strategic sensemaking or sensegiving because they enable the generation of strategy content and processes. For example, when a salesman demonstrates a new product to customers using a PowerPoint presentation, this is not simply doings and sayings; there is a process of how the salesman does it. In other words, to make sure the

customers understand what the product is, the salesman first makes sense of doing his presentation by linking his experience and knowledge as well as the present event to the expected result. Meanwhile, he gives his sense to customers by talking and explaining. In turn, customers receive and respond to the sensemaking about actions the salesman gives them. This process occurs in reciprocal interactions. From this perspective, strategic sensemaking is about understanding how different meanings are assigned to the same event through enactment (Weick, 1995). In other words, people perform the actions that compose practice (Reckwitz, 2002). In turn, practice regenerates the chains of actions by linking the past and the present to the future through learning (Schatzki, 2005). If we want to understand what people actually do and how they react, we need to look for SP through strategic sensemaking activities.

Bird and Osland (2005) find that intercultural negotiation practice is sensitive to culture. For example, in a French-German joint venture negotiation, a German manager felt frustration and complained about the slow rate of progress, while the French said that it was hard to develop a rapport with the Germans (Bird et al., 2005). In this case, both sides had an initiative of being joint partners, but they had no sense of how to collaborate (Bird et al., 2005). Adair and Brett (2005) suggest that if we want to understand what people actually do, we must work out how people make sense of actions because people behave differently and view the world differently (Reckwitz, 2002; Weick, 1995). From this perspective, in an intercultural business arena, understanding partner's sense made of strategic actions becomes essential for the development of IBC.

From the sociological perspective, there are two major implications of studying strategic sensemaking about negotiation practices. One is to identify the actual strategic actions at the site of intercultural negotiation. Another is to identify how strategic sensemaking and strategy practice overlap and interact (Schatzki, 2005). From this perspective, the current study requires considerable participant observation: watching participants' activities, interacting with participants (e.g., asking questions, joining in their social events, and making friends of their friends and/or families), and learning their practices (Mills, 2002; Schatzki, 2005). Therefore, strategic sensemaking is more like a rudder that steers the process of negotiation. Very little research has been done about how intercultural negotiators make sense of strategy practices in the process of reconstructing their discourse and communication. In addition,

strategic sensemaking leaves emotion unanalysed due to its ephemeral nature (Herrmann, 2012).

There is also little attention paid to the inherent inequality of strategic relations and their influence on the shape of strategies through sensemaking (McCabe, 2010). In this respect, there are two traditional streams of sensemaking research: one is to examine how certain circumstances or crises trigger sensemaking (e.g., Christianson, Farkas, Sutcliffe, & Weick, 2009; Colville, Pye, & Carter, 2013; Weick, 1993), and the other is to examine how certain groups influence others' interpretations through sensegiving (e.g., Cornelissen, Clarke, & Cienki, 2012; Gioia & Chittipeddi, 1991; Humphreys, Ucbasaran, & Lockett, 2012; Valliere, 2015).

4.2.3 Sensemaking Perspectives of Practice

Empirical studies using sensemaking perspectives of practice have attracted much scholarly attention, with their central theme being how actors make sense of their own and others' strategic actions during interaction (Cornelissen, Mantere, & Vaara, 2014; Garreau et al., 2015; Weick et al., 2005). However, this perspective challenges the idea that sense made of organisational decisions is realistic and the decision-making process embodies a universal form of rationality (Laroche, 1995). In contrast, the practice perspective gives rise to a social representation, referring to "a mode of practical thinking oriented towards communication, understanding, and the mastering of the social, material and ideal environment" (Laroche, 1995, p. 68). Findings on the social characteristics of decisions and decision-making practices suggest that managers consider themselves as important decision-makers, and the sense they make of decisions is motivated by their beliefs, preferences, and missions constitute a great part of organisational and social life (Jarzabkowski et al., 2007). This suggests that to be aware of the processes of decision-making, we need to look at the decision-makers first and understand who they are, what they are doing, and how they legitimise their existence in their organisations and social communities (Balogun et al., 2014; Laroche, 1995). Sensemaking is considered as a central site for the processes of strategic decision-making in organisations, because any decision-making action tightly links to actors' past and present experiences, and requires a shift in the shared interpretive schemes that govern the way that the actors perceive their organisations and social environments (Balogun et al., 2014; Balogun & Johnson, 2004).

The practice turn has also led to growing scholarly attention being paid to the entangled strategic sensemaking and sensegiving in organisational strategising activities (Balogun et al., 2014; Maitlis & Lawrence, 2007). For example, Gioia and Chittipeddi (1991) examined how organisational leaders, as the sensegivers, influence members' sensemaking about interpretations and decisions. They suggest that leaders' sensegiving strategies may vary depending on the issues encountered. Following Gioia and Chittipeddi's work, Bartunek, Krim, Necochea, and Humphries (1999) found that when facing uncertain or ambiguous situations, leaders may focus on sensegiving about opportunities associated with stakeholders. Mantere and Vaara (2008) adopted a critical discursive perspective to examine sensemaking about strategy work and found that "Discourses as one part of a complex set of social practices play a central role in construction of strategy, and thus become an important part of organisational praxis" (p. 343). These studies were in response to a call to explain sensemaking about strategy work by applying the practice perspective.

Recently, sensemaking scholars have turned their attention to the role of emotions and expectations in sensemaking and sensegiving (see Cornelissen et al., 2014; Steigenberger, 2015; Vuori & Virtaharju, 2012). Both emotion and expectation are linked to actors' affective experience, but they play different roles in understanding how strategic sensemaking is triggered and translated into SP (Garreau, et al., 2015; Steigenberger, 2015).

Emotion

Emotions, as affective reactions, influence how individuals interpret information and act upon a situation (Lerner & Keltner, 2000; Mills, 2006). Haidt (2001) explains that emotions can provide powerful stimuli in response to enacted environment, and these stimuli are the central component of emotions that influence the sense individuals make of actions through interpretation. For example, humans experience fear when threatened with pain (an innate reaction), but when the decision is made to either negatively act on the fear emotion (e.g., be the victim of aggression) or positively cope with the fear (e.g., be the challenger), the action tendency is the result of a coping process in relation to the enacted situation and is influenced by values, beliefs, social practices, and experience (Steigenberger, 2015). Izard et al. (2011) describe the outcomes of these automated coping processes as "emotion schemas," which means that when the emotion is perceived as puzzling, the schemas trigger sensemaking in order to rationalise the emotion and develop a plausible story of how and why the emotion has been perceived as it has and what consequences the emotion implies (Weick et al., 2005).

Expectation

“Activating a category, narrative or frame, as an act of sensemaking, creates expectations about important aspects of situations by directing agents to elaborate on the default or prototypical scenario in ways suggested by the frame, narrative or category” (Holt & Cornelissen, 2014, p. 526). The central component of expectation is inherent uncertainty (Junker, 2000; Vuori & Virtaharju, 2012), and this uncertain characteristic of expectation triggers sensemaking.

In summary, emotion is tightly linked to moment-by-moment attention, while expectation has a strong focus on the presumption of future outcomes. However, both embody a certain level of uncertainty and ambiguity, and this triggers sensemaking (Steigenberger, 2015). Scholars have acknowledged the important roles that emotions and expectations play in sensemaking studies (e.g., Liu & Perrewe, 2005; Maitlis, Vogus, & Lawrence, 2013; Weick et al., 2005). Maitlis et al.’s (2013) paper first presented the role of emotions and expectations in making sense of strategising and discussed particular effects of positive versus negative affect, but empirical research on developing a link between these two aspects and sensemaking as well as integrating the concepts into a conceptual framework still needs to be done (Maitlis et al., 2013).

4.2.4 Integrating Sensemaking and SP Approaches

Researchers have increasingly recognised the importance of communication in everyday organisational life when advancing an understanding of the processes of making sense of the enacted environment (Weick et al., 2005). Weber, Thomas, and Stephens (2015) explain that “Sensemaking is the individual construction and reconstruction of meaning based on available information and experiences” (p. 70), and during interaction with others, actors create their environments through dialogues and narratives. Sensemaking is a process of extracting cues that help actors determine what is relevant and what explanations are acceptable (Brown et al., 2008). The literature suggests that individuals who are good at communication can reduce equivocality and make better sense than others in identical situations (Winch & Maytorena, 2009). The literature reveals that acceptance of the importance of communication in organisational sensemaking has turned scholarly attention from studies of sensemaking approaches to building understanding of aspects of collective sensemaking, such as strategic discourse (e.g., Newton, 1994), metaphor use (e.g.,

Cornelissen, 2004; Cornelissen, Oswick, Christensen, & Phillips, 2004; Tourish & Hargie, 2012), and narratives/storytelling (e.g., Watson, 2009).

Strategic Discourse

Foucault, Knights and Morgan (1991) presented the idea that “Discourse is viewed as a set of practices which condition our ways of relating to, and acting upon, particular phenomena” (p. 253). Following this, Fairclough (1992) further explained that discourse itself does not shape the ‘realities’ of the social world that reside inside people’s minds, but rather through discourse, individuals are able to frame institutional practices (as cited in Hardy, Palmer, & Phillips, 2000). From the practice perspective, discourse acts not only as a strategic resource that serves organisations’ interests, but also as a strategic tool that creates organisational ‘reality’ through language (Hardy et al., 2000). Hodge and Coronado (2006) offered a specific instance of this. In their analysis of the Mexican Government’s Plan Puebla-Panama, they illustrated how the discourse on economic reform involved a complex mix of global capitalist and nationalist discourses and ideologies that were used to promote the opening up of Mexican markets to multinational corporations (MNCs) based outside of Mexico. Their analysis showed that the form and vocabulary of the document reproduced corporate rhetoric and thus had a fundamental impact on the discursive and ideological struggles. In a similar vein, Laine and Vaara (2007) examined how the mobilisation of strategy discourse involved struggles over subjectivity. These studies showed how top management can launch a new strategy discourse in order to gain control through written and verbal texts (Hardy et al., 2000; Orlikowski, 2010; Rouleau & Balogun, 2011; Weick et al., 2005). This can also cause a certain degree of resistance when implementing the new strategy discourse, which triggers sensemaking about strategising in organisational activities (Vaara, Sorsa, & Pälli, 2010).

Due to the popularity of the discourse concept and discourse analysis in organisation studies, there is a growing body of empirical studies of discourse approach in the interplay between sensemaking and strategy practice (Heracleous & Paroutis, 2013). For example, Mantere and Vaara (2008) identified the role of strategy discourses that seem to systematically impede or promote participation in the strategy process. Jarzabkowski and Sillince (2007) argue that strategic discourse is integral to the institutional entrepreneurship process because through discourse, new social practices are diffused and legitimated. These studies shed light on the means of discourse for strategy practitioners, but as yet, how practitioners use strategy discourse to enhance sensemaking about strategic actions is underexplored.

Metaphor Use

The term *metaphor* is derived from the Greek word *metapherein*, meaning transference (Tourish et al., 2012). This definition suggests that metaphors “involve the transfer of information from a relatively familiar domain (variously referred to as a source or base domain) to a new and relatively unknown domain (usually referred to as target domain)” through language (Tsoukas, 1991, p. 568). Lakoff and Johnson’s (1980) work, *Metaphors We Live By* represented a major advance in metaphor theory. Lakoff and Johnson challenged scholars to rethink how they view metaphors. As a result, the ensuing three decades have witnessed a move away from conceptualising metaphors as simple linguistic terms and as tools to figuratively represent an objective world. Sontag (1988) proposes that metaphors are not simply a form of language enhancement, but rather their use represents “a mental operation as old as philosophy and poetry and the spawning ground of most kinds of understanding ... one cannot think without metaphors” (as cited in Shimko, 1994, p. 658). Russett and Starr (1989) argue that metaphor is more like a “menu,” which is useful for understanding people’s “choice” of decisions (also cited in Shimko, 1994, p. 655). Such views have been consolidated, and so recently, scholars have come to regard metaphor as not simply language, but rather as a structure by which people perceive – as an integral part of what people think and do (Patriotta & Brown, 2011).

Metaphor gained prominence as an analytical tool because of its contribution to how sense is made of shared life experiences (Lakoff et al., 1980). More recently, metaphor-in-use approaches have emerged that have been used to understand how practitioners make their decisions (Cassell & Bishop, 2014). Communication scholars have employed the conceptual framework of metaphor to infer actors’ attitudes and beliefs by linking their expressions of metaphorical language and experience (McGlone, 2007). Cognitive researchers also have used the conceptual metaphor framework to develop process models of language comprehension in order to help understand mental representations of complex concepts (Allbritton, McKoon, & Gerrig, 1995; McGlone, 2007). However, this field of study has not yet ventured beyond the investigation of metaphorical representations derived from linguistic structure (McGlone, 2007; Steen, 2004).

Narratives

Studies of narratives are at the heart of sensemaking literature from three different lenses: critical, interpretive, and literacy (Abolafia, 2010). From the critical lens, a narrative is

considered as an important tool in constructing a narrative identity related to an organisation or a group of people through narrating critical events, with a focus on the action of the narrator and others involved (Soderberg, 2006). Thus, key actors can use narrative instrumentally to enhance organisational legitimacy (Brown, 2006; Brown, Colville, & Pye, 2015). From the interpretive lens, narrative is regarded as the micro-stories told by stakeholders when they give meaning to strategy practices that enable or constrain their ongoing organisational activities (Fenton, 2011). Thus, interpretive narratives disclose narrators' efforts to privilege their interpretation of events and legitimate authority (Fenton, 2011). According to Soliday (1994), "When an individual is on the threshold of possible intellectual, social, and emotional development, literacy narratives become sites of self-translation where writers can articulate the meanings and the consequences of their passages between language worlds" (p. 511). The nature of literacy narratives is conditioned by specific culture and/or experience, for instance, parents tell their children about their literacy stories of achievements at school or of their own successes or failures in learning to read and write (Soliday, 1994). As such, when an author constructs an interpretation of past events from his/her own perspective, the narrative becomes a dialogical account of his/her experience, rather than a chronological report of verifiable events (Soliday, 1994).

Weick and other scholars (Weick 1995; Boje 1991; Brown 2005; Colville, Brown, & Pye, 2012) have argued that narrative may be used as a strategic tool for making sense of ambiguous organisational situations. According to Boje (1991), "Narrative is the preferred sensemaking currency ... among internal and external stakeholders" (p. 106). Gioia and Chittipeddi (1991) point out that senior managers or policy makers often use narratives as strategy to guide organisational members' actions. The interest in recent studies of narratives has arisen from the fragmented and contradictory nature of organisational events (Näslund & Perner, 2012). Literature reveals that everyday experiences are translated into organisational stories, which in turn serve as a device to bring order to the flux of organising and that the process of construction of meaning enables organisational sensemaking (Tsoukas & Hatch, 2001; Weick et al., 2005). Zilber (2007) studied the role and usage of stories in institutional entrepreneurship and found that "Institutions are constructed and manipulated through discourse" (p. 1050). More recently, Bolander and Sandberg (2013) conducted an ethnomethodological-discourse analytical study of how new employee selection decisions are made through an understanding of what participants said in actual selection decision meetings. These studies also depict the important role and function of storytelling in

influencing interpretation and meaning generation (Abolafia, 2010; Cornelissen, Oswick, & Phillips, 2008; Fenton & Langley, 2011).

It has also been acknowledged that storytelling has a double-edged potentiality because it may lead to polyphony and complexity of stories, but at the same time, it serves equally well as a tool for achieving hegemony, and for being used to establish a 'regime of truth' that favours one story at the expense of others (Currie & Brown, 2003). Dawson and Buchanan (2005) argue that stories never become absolute and finite due to culturally influenced individual experience being tightly linked to constructing the meaning of organisational events. Näslund and Perner (2012) suggest that "Dominant stories have the potential to govern sensemaking, and thus change is only possible as stipulated by these stories, which in turn contributes to organizational inertia" (p. 106). However, there is little attention paid to the study of the formation of the micro-level of organisational storytelling within different linguistic contexts.

4.3 Research Gaps in the Study of Sensemaking

From the sensemaking perspective of organisational behaviours, organised actions are the product of consensus amongst organisational participants, but the stream of studies adopting this perspective ignores the existence of discrepant sensemaking and its influence on the way meanings are shared (Brown et al., 2008). As a consequence, this view fails to explain the sense that is shared by group members to produce collective actions. Another theoretical perspective of sensemaking in habitual behaviours ignores or discounts the experiences of sensemaking in ordinary organisational life (Holt & Cornelissen, 2014). There are a few scholars (e.g., Laine & Vaara, 2007) addressing how strategy is located within organisational contexts and serves, from a sensemaking perspective, to produce dynamic relationships (McCabe, 2010). Growing attention has been paid to the role of middle managers in sensemaking about strategising (e.g., Balogun & Johnson, 2004, 2005; Balogun et al., 2011; Rouleau, 2005) but as Jarzabkowski et al. (2007) recognise, there is still little attention being paid to the role of non-managerial employees in strategy work.

4.4 Summary

From the SP perspective, sensemaking is a strategic action and sensemaking activities are critical, meaningful organisational activities influencing organisational decisions, strategy formulation and implementation, and strategic change (Berente, Hansen, Pike, & Bateman,

2011; Weick, 1995). The ‘*sensemaking about*’ or ‘*making sense of*’ are tightly related to interpretation and constrained by individuals’ experience, reciprocal interaction, the deployment of tools, and the situations involved (Maitlis, 2005). The process of interpretation may become more complicated in a context of cross-cultural business negotiation and/or collaboration due to differences in culturally embedded practices (Das & Kumar, 2010; Fellows & Liu, 2016; Kumar & Patriotta, 2011).

In the following Methodology chapter I present the research design, methodology, analysis framework, and research ethics for this study.

CHAPTER 5: METHODOLOGY

5.1 Introduction

This chapter addresses the methodology and approaches I followed to conduct this study. First, it outlines the research objective and research questions. Second, it presents research paradigms and justifies the reasoning for using the interpretivist paradigm to inform the study. Third, it explains the case study method, justifying the appropriateness of the single case study design for this research, describes the case selection process, and describes the case context. Fourth, it outlines the methods of data collection and analysis, describing the methods used to systematically scrutinise the actors' sensemaking and sensegiving in relation to strategic actions to maintain and develop collaboration. Fifth, it discusses the ethical issues and how these were addressed, followed by final reflections on the research design. The chapter concludes by highlighting the limitations of this study.

5.2 Objective and Research Questions

As previously mentioned, research in the specific area of strategy practice (SP), or strategy-as-practice (SAP) and the sensemaking associated with this in the context of IJVs is still very rare. Little is known about the lived-in reality of collaborating to create and operate an IJV and even less about the sense collaborators make of their own strategy practices and that of the key stakeholders in their partner company. There have been several recently published empirical papers on the topic of IJV collaboration in the area of control and management (Chiu & Huang, 2014; Klijn et al., 2013), knowledge assimilation (Hong et al., 2016), knowledge transformation (Pak, Ra, & Lee, 2015), and legitimacy (Pavlovich, Sinha, & Rodrigues, 2016). However, there is little attention paid to the interplay between sensemaking and strategy practice and exploring the sensemaking process of strategising within a context of a Sino-NZ IJV collaboration, particularly in the booming dairy sector.

The objective of this thesis is to explore how key stakeholders from two companies in a Sino-New Zealand international joint venture (IJV) collaboration made sense of their own and the other company's strategic actions during the development of their IJV.

A case study of a Sino-NZ IJV collaboration was chosen as these are two cultures I have experience of as a Chinese citizen resident in New Zealand. My bicultural status allows me to

recognise and appreciate the complexity and dynamic nature of the interactions that influence key internal stakeholders' practices in a Sino-NZ IJV collaboration.

This study will specifically explore the following overarching research questions:

1. How do key internal stakeholders in a particular Sino-NZ context make sense of and give sense to strategic actions related to the development and maintenance of an international business collaboration?
2. How does this sensemaking and/or sensegiving influence international business collaboration in this case?

5.3 Research Paradigm

“A paradigm is defined as the basic belief system or worldview that guides investigators, not only in choices of methods but in ontologically and epistemologically fundamental ways” (Guba & Lincoln, 1994, p. 105). Because my study sought to understand the way participants interpreted their experience in an IJV, an interpretive approach was chosen: a design that allowed qualitative data to collect and analyse was created. This is because such a design provides “rich descriptions of micro-level mechanisms and processes and facilitates induction of patterns” (Singh, Corner, & Pavlovich, 2015, p. 153). In contrast, quantitative research designs produce much less rich data because they usually rely on closed-ended questions in broad surveys that allow researchers to collect numeric data and use mathematically based methods to test hypotheses or make inferences to an overall population (Feilzer, 2010; Matveev, 2002). It is not ‘an either-or choice’, however, as quantitative methods can be used to test conceptual models that emerge from qualitative inductive research designs.

Of particular interest in qualitative research are the positivist, postpositivist, critical theory, post-structuralist, and constructivist/interpretivist paradigms. In order to choose the most appropriate paradigm, one must first understand each paradigm according to its ontology, epistemology and methodology; and one's own research objectives. The distinctions amongst the four paradigms mentioned above are conditioned by the beliefs and focus of the researcher, who positions the research role to design and implement the research project in order to develop and/or test a theory. The researcher's beliefs about “truth,” and whether the researcher focuses on realism or relativism are important factors. (Angen, 2000; Baxter & Jack, 2008; Hammersley, 1995).

Although the concept of, and typologies relating to, paradigms are highly contested in organisation studies, according to Guba et al. (1994) the positivist paradigm is generally seen as holding a realist ontological position: assuming that a “real” context exists, driven by immutable natural laws and mechanisms, so research can converge on the “true” state of affairs (Guba et al., 1994). Epistemologically, it has a dualist, objectivist assumption, enabling the investigator to determine “how things really are” and “how things really work.” The investigator’s relationship with the investigated “object” is regarded as independent, and replicable findings are regarded as “truth.” Positivist methodology is experimental and manipulative, focuses on hypotheses verification, and adopts chiefly quantitative methods (Guba et al., 1994). However, the objective of this study was not to prove or disprove hypotheses, but rather to probe into actors’ worldviews and investigate their experience in the IJV collaboration. The aim was to investigate their interpretations of social events and activities, allowing me to understand how they make sense of strategising in the real-time context, how they report their SP, and why the reported SP differs according to the different situations and actors involved. Thus, rather than using extensive quantitative data to test knowledge, this study required the collection of rich, in-depth data to produce knowledge. Therefore, the positivist paradigm was inappropriate for this study.

The postpositivist paradigm holds the ontological position of critical realism – still assuming an objective reality, but granting that it is apprehended only imperfectly and probabilistically (Guba et al., 1994). Epistemologically, postpositivism adopts a modified dualist, objectivist assumption where emphasis is placed on critical traditions and community (e.g., on editors, referees, and professional peers), and replicated findings are regarded as “truth,” but are always subject to falsification (Guba et al., 1994). It adopts modified experimental or manipulative methods, focusing on “critical multiplism” (a version of triangulation) as a way of falsifying hypotheses. It may also include qualitative methods (Guba et al., 1994). Researchers adopting this paradigm believe that approximating to a “truth” is possible by using scientific approaches. However, this paradigm still falls into the area of proving or disproving a “truth,” which does not fit the exploratory and explanatory nature of this study.

Critical theory holds an ontological position of historical realism, assuming a virtual reality that consists of historically situated structures that are taken as “real” (Guba et al., 1994). Epistemologically, it adopts a transactional or subjectivist assumption, considering that the relationship between the investigator and the investigated “object” is interactively linked, and

thus knowledge is value-mediated and dependent (Guba et al., 1994). Methods are dialogic or dialectical and aim for the reconstruction of previously held constructions. Researchers adopting this paradigm expect that their different cultural values may influence the research process and outcome, with a focus on a pre-set goal of the research to empower participants to transform the status quo and emancipate themselves from the ongoing oppression (Ponterotto, 2005). This does not fit the research purpose of this study to investigate participants' perspectives of experience, rather than rely on existing literature and theories or my own experience.

The post-structural work of Foucault arguably begins with the structuralism of de Saussure, even if it adopts a critical view of it. The focus here is on the principles by which elements can be organised together to produce coherent and meaningful patterns (Radford & Radford, 2005). As phenomena in poststructuralist theory are understood through language (Alison, 1997) and through the interrelations between structure and action (Collinson, 2006), this post-structuralist paradigm has been very influential in qualitative research and most reflected in discourse analysis studies (Macdonald, Kirk, Metzler, Nilges, Schempp, & Wright, 2002). In addition, this paradigm is usually thought of as different from critical realism, because it doesn't hold that there is a single reality; but that actors are constituted in relations of power and identity (Collinson, 2006). Thus, it does not easily fit epistemologically with SP work (e.g., Knights & Morgan, 1991; Ezzamel & Willmott, 2008).

The constructivist or interpretivist approach holds relativism as its ontological position, assuming multiple, specific, or conflicting realities that are constructed intersubjectively (Guba et al., 1994). Epistemologically, it adopts a transactional or subjectivist assumption, similar to critical theory, but broader; considering that knowledge is created in the interactions amongst the investigator and respondents, and thus the findings are literally created in the course of the investigation. Its methodology is hermeneutical or dialectical, aiming at the reconstruction of previously held constructions and relying heavily on naturalistic methods such as interviews and observation (Mackenzie & Knipe, 2006). Researchers adopting this paradigm believe that as actors have different lived experience, variations in interpretations of a phenomenon occur.

In this study, I privileged the ability of the participants to construct meaning, rather than attempting to unearth a single "truth" from the realities of participants or trying to achieve

outside verification of my analysis (Ponterotto, 2005). The aim was to capture the complexity of IJV collaboration, which involves socially and culturally embedded situations, investigating participants’ accounts and intersubjective actions, and deepening an understanding of their lived experience (Angen, 2000; Manning & Kunkel, 2014; Weick, 1995). Consequently, emphasis was placed on participants’ perspectives of “reality,” and in order to understand their life world, a close collaboration between the participants and myself was necessary to produce knowledge (Baxter & Jack, 2008). Therefore, interpretivism was the appropriate paradigm for this study. Table 5.1 presents the comparison of paradigms from Guba et al.’s (1994) *Competing Paradigms in Qualitative Research*.

Table 5.1: Comparison of Paradigms

	Positivism	Postpositivism	Critical Theory	Constructivism/ Interpretivism
Ontology	<i>Naïve realism</i> – assuming that a “real” reality exists driven by immutable natural law and mechanisms, so research can converge on the “true” state of affairs	<i>Critical realism</i> – still assuming an objective reality but granting that it is apprehended only imperfectly and probabilistically	<i>Historical realism</i> – assuming a virtual reality that consists of historically situated structures that are taken as “real”	<i>Relativism</i> – assuming multiple, specific or conflicting realities that are constructed intersubjectively
Epistemology	<i>Dualist, objectivist assumption</i> – enabling the investigator to determine “how things really are” and “how things really work”, but his/her relationship with the investigated “object” is regarded to be independent; replicable findings are regarded as “truth”	<i>Modified dualist/objectivist assumption</i> – emphasis is placed on critical traditions and community (e.g., editors, referees and professional peers); replicated findings are regarded as “truth” but always subject to falsification	<i>Transactional / subjectivist assumption</i> – considering that the relationship between the investigator and the investigated “object” is interactively linked, and thus knowledge is value mediated and dependent	<i>Somewhat similar but broader transactional/subjectivist assumption</i> – considering that knowledge is created in the interactions amongst the investigator and respondents, and thus the findings are literally created in the course of the investigation
Methodology	<i>Experimental / manipulative</i> – focusing on hypotheses verification; quantitative methods are chiefly adopted	<i>Modified experimental / manipulative</i> – focusing on “critical multiplism” (a version of triangulation) as a	<i>Dialogic / dialectical</i> – aiming at the reconstruction of previously held constructions	<i>Hermeneutical / dialectical</i> – aiming at the reconstruction of previously held constructions; heavily rely on naturalistic

	Positivism	Postpositivism	Critical Theory	Constructivism/ Interpretivism
		way of falsifying hypotheses; may include qualitative methods		methods (e.g., interview and observation)

Note. This table was adapted from the paradigm analyses of Guba et al. (1994, pp. 108-111).

5.4 Methodology

I adopted a qualitative case study methodology, using documents, semi-structured interviews, and observation of IJV collaboration activities to collect in-depth data (Baronov, 2015; Guba & Lincoln, 1994; Hammersley, 1995; Stahl, 2014; Yin, 2003). Accordingly, I aim to provide consistent and concise findings through interpretive analysis of case study data in a trustworthy and authentic manner (Baxter & Jack, 2008; Guba & Lincoln, 1994; Orlikowski & Baroudi, 1991; Schatzki, 2005).

Answering these “how” questions required me to closely observe how practitioners of a Sino-NZ IJV interpreted IJV strategic activities and performed their roles to maintain and develop the collaboration. To do this I conducted participant observation, document analyses and interviews to collect the rich data I needed. The inductive process I employed supported an analysis that allowed concepts, themes, and a model to emerge from the raw data through interpretations made by a researcher (Thomas, 2006). In this study, I looked for patterns based on the case study data amassed as well as through interpretive analysis, which can lead to formulating a theory (Yin, 2003). This research was exploratory because I had no presuppositions about how key stakeholders made sense of strategic actions during interaction and how the interplay of sensemaking and strategy practice influenced decision-making and collaboration in the IJV. According to these perspectives, this research progressed with an inductive logic, involving choices in case design and case selection, which in turn, influenced the empirical investigation.

5.4.1 Case Study Design

A case study design provides the means of developing theory by utilising in-depth insights of a phenomenon in its contexts (Dubois & Gadde, 2002). This approach has been applied to phenomena in a wide range of subject areas, including psychology, sociology, political science, anthropology, history, economics, urban planning, public administration, public policy, management, social work, and education (Yin, 1994). Eisenhardt (1989) states that

“Creative insights often arise from the juxtaposition of contradictory or paradoxical evidence. The process of reconciling these contradictions forces individuals to reframe perceptions into a new gestalt” (p. 546). This is the hallmark of building theory from case studies.

While case studies have advantages, the main argument against using them has been that they provide little basis for scientific generalisation (Yin, 1994), as “findings are unstable over time” (Weick, 1979, p. 37) and generalisation is not valid from a single case (Yin, 1994). To solve this problem, Weick (1979) suggests that researchers “try harder to make interpretations specific to situations” (p. 37). Yin (1994) also points out that any finding or conclusion in a case study is likely to be “much more convincing and accurate if it is based on a combined source of evidence, while shifting between analysis and interpretation” (p. 92). In other words, learning from a particular case conditioned by its environmental contexts should be considered as a strength rather than a weakness. Yin (2003) makes a distinction amongst types of case study design, particularly holistic single case study, single case with embedded units, and multiple-case study designs. Each type of case study design has its specific advantages and disadvantages, which are outlined in Table 5.2.

Table 5.2: Case Study Design Advantages and Disadvantages

Type of Case Study Design	Advantages	Disadvantages
Holistic Single Case Study	<ul style="list-style-type: none"> - rich data - deepens an understanding of studied phenomena that occur in a unique or extreme situation (Baxter et al., 2008) 	<ul style="list-style-type: none"> - lacks scientific generalisation (Yin, 1994)
Single Case with Embedded Units	<ul style="list-style-type: none"> - in-depth data and rich analysis - allows the researcher to understand one unique/extreme/critical case, as well as to explore the case while considering the influence of different attributes (Baxter et al., 2008) 	<ul style="list-style-type: none"> - when analysing data at the individual subunit level, novice researchers may fail to integrate subunit data within the case analysis through interpretation (Yin, 2003)
Multiple-case Study	<ul style="list-style-type: none"> - allows the researcher to examine several cases to understand the similarities and differences between the cases (Baxter et al., 2008) - generated evidence is considered as robust and reliable (Yin, 2003) 	<ul style="list-style-type: none"> - considered to be extremely time consuming and expensive to conduct (Baxter et al., 2008)

After reviewing the three areas of literature and the domain of the practice turn in strategy research, I based this thesis on the lens of micro-strategy and strategising perspectives (Chia & Holt, 2006), and on changes in the nature of strategy-making and decision-making processes. I believed that a case study approach was best suited for this study, as it enabled

me to probe practitioners' perspectives of experience during international business collaboration (Chia & Holt, 2006) in order to improve my understanding of how they formulated and implemented strategy and how their strategic decisions influenced collaboration while appreciating the rich context in which this occurred.

Because I was interested in how the key participants (e.g., decision-makers, senior and middle managers responsible for the IJV operation and management) working in the IJV parent companies made sense of strategic actions and how their decisions and actions influenced the IJV collaboration, I chose a single case study design proposed by Baxter and Jack (2008). With this design, an examination of two companies within a Sino-NZ IJV collaboration was considered as a single case study. When data were collected from the two companies, the data were analysed separately but within the case analysis. When reporting the findings, interpretive analysis of the case data was developed from the comparison and integration of the two sets of data.

However, despite initial indications that I would be granted access to negotiations, I ultimately did not have the opportunity to observe participants in meetings that involved face-to-face negotiation and strategy-making between the IJV partner companies; or between departments of the partner companies. Although I was permitted to observe some routine and strategic meetings held at the two companies, the collected data were not directly related to the topic of IJV collaboration, and thus those data were only useful as supplementary sources for this thesis. My analyses were necessarily based on reported negotiation and strategy-making between the IJV companies and related texts (e.g., contractual documents).

Yin (2003) also defined and categorised case studies as explanatory, exploratory, or descriptive. Explanatory case studies are best when the researcher seeks to answer questions with explanations based on the research results. Exploratory case studies are best when the researcher wants to explore situations where the evaluated intervention lacks clear outcomes. Descriptive case studies are best when the researcher wants to describe an intervention or phenomenon that occurs in the real-life context (Yin, 2003). Table 5.3 provides an outline of these three types of case studies along with exemplary studies for each.

Table 5.3: The Three Types of Case Studies

Type of Case Study	Purpose	Exemplary Studies
Explanatory	Seeks to answer questions with explanations based on the research results (Yin, 2003)	Joia (2002)
Exploratory	Explores situations where the evaluated intervention lacks clear outcomes (Yin, 2003)	Dunbar & Garud (2009) Lotzkar & Bottorff (2001) Yang (2011) Zilber (2007)
Descriptive	Describes an intervention or phenomenon that occurs in the real-life context (Yin, 2003)	Tolson, Fleming, and Schartau (2002)

Note. Adapted from Baxter & Jack (2008). Qualitative case study methodology: Study design and implementation for novice researchers. *The Qualitative Report*, 13 (4), 544-559.

The selection of a case study design is guided by the purpose of the research (Baxter & Jack, 2008). For this study, the purpose was to investigate the complexity of IJV collaboration and interaction dynamics, and through interpretive analysis, develop and report the findings with a focus on connectedness amongst the participants, the researcher, and readers (Guba & Lincoln, 1994). Importantly, this is a unique case because it is the first known study of a Sino-NZ IJV collaboration in the dairy sector. It is also unusual because the Chinese IJV partner was a majority Chinese state-owned dairy company pioneering an investment with an overseas private dairy company and operating the IJV abroad. In addition, the New Zealand company has been recognised with an innovative enterprise award in the New Zealand dairy industry after operating the IJV for three years. However, decision-makers and senior managers from both IJV parent companies were novices in IJV management, and – as we will see - this may have influenced the IJV collaboration. Moreover, this study sought to develop an understanding of the interplay between sensemaking and strategy practice in the IJV collaboration, and to in turn produce knowledge that contributes to the academic world and the business world. Therefore, the exploratory case study design was most appropriate for this study.

Given all the factors above and the aim of this study, which was to explore and establish how the partners in a Sino-NZ IJV collaboration made sense of their strategy practice, I adopted a single exploratory case study design. This design served to allow the provided rich, in-depth case study data necessary to gain insights and develop theory through “recursive cycling data rather than extant literature” (Eisenhardt & Graebner, 2007, p. 25).

5.4.2 Case Selection

In this study, I conducted a single but rigorous case analysis of a dairy industry IJV between partners from New Zealand and the People's Republic of China. To ensure confidentiality, the privately-owned New Zealand dairy company located in North Canterbury was given the code-name NZD1, and the 54% state-owned Chinese dairy company located in Shanghai was given the code-name CHD1. The joint venture, which is operated in New Zealand and joint owned by NZD1 (holding 49% of its shares) and CHD1 (holding 51% of its shares), was given the code-name MILK.

I chose this case for three reasons. First, I had the innate advantages of my lived experience and bilingual language capability. I was born and brought up in Beijing and worked for a state-owned airline for 7 years, responsible for flight cabin service, training, and negotiating with both local and international food catering companies for cabin supplies. In my late 20s, I emigrated to New Zealand, and had work experience in different industries, such as retailing, import-export trading, marketing, and consulting. My background gives me a good understanding of both Chinese and New Zealand cultures, rituals, and communication styles. It also helps improve my sensemaking ability to critically judge and evaluate people and the situation in reciprocal interactions.

Second, the case offered a unique case context. As mentioned earlier, no empirical research with the particular focus on exploring and developing a link between sensemaking and strategy practice has been conducted in the context of a Sino-NZ IJV collaboration in the dairy sector. In addition, this case context is also complex. CHD1 is one of the largest Chinese dairy companies, with 64 years of history, and it is approximately 54% state owned. CHD1 is also a Chinese dairy industry pioneer investing abroad in a foreign dairy company for the purpose of dairy resource exploitation and infant formula development. At the time CHD1 bought a 51% shareholding in MILK (a subsidiary previously wholly owned by NZD1) and became the majority shareholder of the IJV, none of its senior managers had prior experience of managing an IJV, either domestically or internationally. In contrast, NZD1 was a small, private New Zealand dairy company producing products in regional market niches. In the third year after its start-up, NZD1 sold shares of MILK to CHD1 for the purpose of enabling company innovation and market expansion. From this perspective, not only would the case study data be valuable and insightful, but through interpretive analysis, the emergent

findings and subsequent theory would be very useful for academics, entrepreneurs, and professionals who provide consulting services to international businesses.

Third, the time and opportunity was right. I had been searching for ideal case study companies for 4 months. Although I had interviewed several CEOs and regional managers from different industries, including retailing, import/export trading, fishing, and real estate development, I was not persuaded to choose any of these companies for my case study because they did not meet my research purpose of exploring and examining key stakeholders' experiences in the context of an IJV collaboration. When I met the CEO of NZD1 at a business event, and then followed up with several further conversations, I knew that this was my ideal case study company due to its unique characteristics and the case context: the dairy industry is booming in both New Zealand and China. What was particularly appealing about NZD1 and CHD1 is that neither company had prior experience of operating and managing an IJV, and their reasons for entering into the IJV were different. I was further attracted to this case because the IJV had been operating for 3 years and was still in the start-up stage of collaboration but met the criterion that the companies had at least two years experience. This amount of operational time enables an accurate evaluation (Kitching, 1976). All these attributes made this IJV case study more interesting and prompted me to take advantage of the opportunity.

5.4.3 Case Context

This case study took place within the broader context of the dairy industry and within the specific contexts of New Zealand dairy sector and the Chinese dairy sector. Both sectors have different attributes and backgrounds. Table 5.4 (see pages 62–63) summarises and compares the attributes of both sectors according to their milk markets, main products, major trends, and overseas markets. These items are then expanded and discussed more fully in the country-specific sections which follow.

Table 5.4: Attributes of the New Zealand Dairy Sector and the Chinese Dairy Sector

Attributes	New Zealand Dairy Sector	China Dairy Sector	Second-hand Data resources
Milk Market	<ul style="list-style-type: none"> - A long history of consuming dairy products - Adopted pasture-based dairy farming systems that have high levels of adaptive capacity to improve production efficiencies 	<ul style="list-style-type: none"> - A short history of consuming dairy products - About 80% of milk is supplied from traditional smallholdings of which 73% had fewer than 10 milking cows - Food safety and quality crises 	<p>Edwards, Jago, and Lopez-Villalobos (2014) Fuller, Beghin, and Rozelle (2007) Fuller, Huang, Ma, and Rozelle (2006) Lee, Clark, and Roche (2013) Jiang and Zhu (2013) Xiu and Klein (2010)</p>
Main Products	<ul style="list-style-type: none"> - Butter, skim milk powder, casein, cheese, whole milk powder, and infant formula 	<ul style="list-style-type: none"> - Ultra-high temperature pasteurised milk, fresh milk, ice cream, yogurt, cheese, and milk powder 	<p>Beghin (2006) Bolan, Laurenson, Luo, and Sukias (2009) Xiu and Klein (2010)</p>
Major Trends	<ul style="list-style-type: none"> - Growth is heavily dependent on exports - Has become the second largest offshore provider of infant formula for the Chinese market (18% share), after Singapore (37% share), with Australia the third largest (15% share) 	<ul style="list-style-type: none"> - Consumption of dairy products has huge growth potential: Per capita consumption increased from 8 kg in 1996 to 25 kg in 2006, which is still far below the world average of 80 kg per capita - 26% annual production growth rate since 2001 - Following the 2008 melamine scandal event, dairy imports increased 190% between 2007 and 2012, making China the largest dairy importer in the world - China's marketplace is currently dominated by imported infant formula brands 	<p>Beghin (2006) Bowman and Conway (2013) Clark, Caradus, Monaghan, Sharp, and Thorrold (2007) Galtry (2013) Qian, Guo, Guo, and Wu (2011) Sankaran and Luxton (2003)</p>

Attributes	New Zealand Dairy Sector	China Dairy Sector	Second-hand Data resources
Local Market Competition	<ul style="list-style-type: none"> - Three core cooperatives (Fonterra, Westland, and Tatua) control milk supply and distribution, with 70 smaller companies operating in regional market niches - Competition has been encouraged through the removal of trade and farm subsidies 	<ul style="list-style-type: none"> - Regional protection: the country is divided into several regional markets (e.g., Central, Northeastern, Southern, and Southwestern Regions) in which the large milk processing firms control the wholesaling function and rely on regional government policy support, subsidies, funds, and location incentives 	<p>Basset-Mens, Ledgard, and Boyes (2009) Bolan et al. (2009) Xiu and Klein (2010)</p>
Overseas Markets	<ul style="list-style-type: none"> - China has become the largest dairy export destination: Dairy exports increased from \$0.1 billion in 2000 to \$2.6 billion in 2012, raising five-fold between 2008 and 2012 alone - Other major markets include the UK, Europe, and Australia 	<ul style="list-style-type: none"> - United States, Canada, Europe, Australia and New Zealand 	<p>Bowman and Conway (2013) Galtry (2013) Xiu and Klein (2010)</p>

In addition to unique attributes, each dairy sector has its own background. The background data reported here came from both secondary data sources (e.g., published papers and websites) and first-hand data sources (organisational documents and company websites). In order to protect the companies' identities, first-hand data sources are referred to as "internal documents" or "company websites."

New Zealand Dairy Sector Background

The New Zealand dairy sector is a major contributor (7% of GDP) to the national economy (Clark et al., 2007) and its important position is closely tied to two unique characteristics. First, New Zealand's temperate climate, together with a relatively small population (about 4 million) and small domestic market demand for dairy products, have become the core influential elements on dairy industry development (Bolan et al., 2009; Lee et al., 2013). With the natural advantage of geographical environment, farmers have adopted pasture-based dairy systems that help them make cost-effective, timely decisions to optimise performance and create production efficiencies (Lee et al., 2013; Sankaran & Luxton, 2003). On average, 14 million tonnes of milk are produced per year from a total of 3.9 million cows (Lee et al., 2013). This enables New Zealand to export 95% of its manufactured dairy products, without subsidies or incentives, contributing to about 2% of worldwide dairy production (Basset-Mens et al., 2009; Bolan et al., 2009). The highest volume export products include butter, skim milk powder, and casein, followed by cheese and whole milk powder (Bolan et al., 2009). Having benefited from China's growing demand for infant formula following the 2008 melamine scandal, together with the 2008 New Zealand China Free Trade Agreement and the rapid economic growth in China, infant formula has become an important New Zealand export, increasing export income from NZ\$63 million in 1999 to NZ\$753 million in 2009 (Galtry, 2013). The 2008 melamine scandal, also known as the Chinese infant milk powder contamination scandal, occurred on September 11, 2008. It emerged from the Sanlu IJV between New Zealand's largest dairy company, Fonterra, and Sanlu Ltd, a major Chinese dairy operator. This event caused more than 290,000 infant children to be poisoned by melamine and at least 6 babies were confirmed to have died due to kidney failure after consuming the poisoned powder (Pei, Tandon, Alldrick, Giorgi, Huang, & Yang, 2011; Xiu & Klein, 2010). Despite this, by 2012, New Zealand had become the second largest offshore provider of infant formula for the Chinese market (18% share), behind Singapore (37% share), with Australia being the third largest (15% share) (Galtry, 2013). As a result of its strong competitive position in the global market, the domestic market is protected from

overseas competition without relying on production and/or export subsidies (Bolan et al., 2009; Sankaran & Luxton, 2003).

Second, the dairy sector was dominated by the New Zealand Dairy Board (NZDB) which controlled the export of all New Zealand dairy products (Akoorie & Scott-Kennel, 1999). In 2001, the NZDB merged with the two largest New Zealand dairy cooperatives (New Zealand Dairy Group and Kiwi Cooperative) to form Fonterra Cooperative Group Ltd., which contracts 11,680 farmers, processes 96% of New Zealand's milk, and trades about 50% of the milk marketed internationally (Basset-Mens et al., 2009; Bolan et al., 2009). Westland Cooperative Dairy Company and Tatua Cooperative Dairy Company are the other two core cooperatives operating in New Zealand. The former has 370 suppliers and produces around 3% of New Zealand's milk supply and the latter has 124 suppliers and provides most of the remaining 1% (Bolan et al., 2009). In addition to the other 70 smaller dairy companies, they have to compete or survive in regional market niches across New Zealand (Bolan et al., 2009). This structure reflects that the milk produced by nearly all New Zealand dairy farmers is supplied to the three core cooperatives (Bolan et al., 2009), which also supports collective action, enabling economies of scale and scope (Cren, Lyons, & Dana, 2009).

Chinese Dairy Sector Background

There are two major factors that have affected the development of the domestic Chinese dairy market. The first major factor is the change in diets and consumption levels (Fuller et al., 2007). Historically, milk consumption in China was promoted for its health benefits, rather than for daily basic food intake. Given relatively low income levels, demand for expensive dairy products was low (Fuller et al., 2006). Accordingly, China had one of the lowest levels of per capita fluid milk consumption in the world, averaging 5 kg per capita per year from 2000 to 2004 (Fuller et al., 2007). Although per capita consumption increased to 25 kg in 2006, it is still far below the world average of about 80 kg per capita (Qian et al., 2011). Given China's rapid growth in household incomes, the low level of dairy product consumption suggests that the Chinese dairy market has huge growth potential, and the increasing demand for dairy products is the vehicle that has driven production growth (Fuller et al., 2006). For example, in 1980, dairy production was only about 1 million tonnes, but during the following 15 years, the output steadily increased by about 14% annually (Fuller et al., 2006). Between 1997 and 2007, the growth of domestic Chinese dairy production accelerated by more than 20% annually (Fuller et al., 2006). In addition, diet habits have

changed in favour of milk products such as fresh milk, yogurt, and milk powder (Fuller et al., 2006).

The second major factor is that China has experienced many crises related to food safety and quality which have influenced consumer confidence about national brands and challenged agencies charged with the enforcement of consumer protection to reinforce regulations (Jiang & Zhu, 2013). An important social phenomenon is that the Chinese dairy sector has a relatively short history in an immature market environment, together with weak regulatory mechanisms. To some extent, this background has led to severe price-oriented competition amongst food producers rather than a focus on food quality control driving company behaviour (Jiang & Zhu, 2013; Wilcock, Pun, Khanona, & Aung, 2004). Price-oriented competition refers to competition for milk resources amongst nearly 1,000 domestic food producers, as well as between the domestic food producers and approximately 1,000 foreign enterprises. In turn, this created cost pressures on small, traditional producers that held 80% of the milk resources, but lacked the ability to compete with modern, pasture-based suppliers (Xiu & Klein, 2010). As a result, a moral attitude to the control of food quality and safety was replaced by a need to maintain low costs in an attempt to ensure business survival, resulting in an unsafe production environment, particularly for those producers who had little knowledge of modern food production systems and safety regulations and this, in turn, put consumers at risk (Wilcock et al., 2004). A determination to solve the food safety problem appears to have become the driving force in promoting the development of the Chinese dairy industry (Ng & Salin, 2012).

NZD1 Company Background

Based in the Canterbury region of the South Island, NZD1 was established in 2001, owning 36 farms (Cren et al., 2009). Like Westland, NZD1 supplied its entire milk production to Fonterra, but with the intention of becoming an independent processor (Cren et al., 2009). In 2008, NZD1 declared its intention to expand production, build its own factory, and take full control of its production, processing, marketing, and distribution (Cren et al., 2009). In order to achieve these aims, NZD1 tried to raise money both from banks and through launching an initial public offering (IPO) on the main board of the New Zealand Stock Exchange (NZX), but they were unsuccessful (internal documents). Following this, NZD1 encountered a serious cash flow problem and from 2010, it started to source equity from selected outside investors by selling shares in its company (Cren et al., 2009). NZD1 positioned itself as a

small non-branded milk products supplier, but aimed to collaborate with top-tier international dairy companies, particularly from Australia and/or Singapore, in order to learn advanced production technology and develop the international market by using its partner's advantages (internal documents). Following 4 months of negotiations with two prospective partners, one from Australia and the other from Singapore, the two companies withdrew from the negotiations, one after the other, due to a disagreement with the sales price. However, during the same period of time, CHD1 visited NZD1 and was subsequently invited to open negotiations. After initial discussions, NZD1 restructured and split the company into three wholly-owned subsidiaries consisting of FARM (a business owning 36 farms), MANAGEMENT (the business used to manage and run MILK), and MILK (a factory) (internal documents). Three months later, 51% of the shares in MILK were sold to CHD1 and MILK officially became an IJV jointly owned by CHD1 and NZD1 (holding 49% of the shares) (company website).

Following this event, FARM was sold in its entirety to another Chinese company, which meant that NZD1 ended up holding 49% of the IJV (MILK) and 100% of MANAGEMENT. This restructuring and the subsequent changes to its ownership not only helped NZD1 to achieve its financial needs, but also provided it with plenty of resources to build an international sales team and a new production line, and during the first 3 years of the IJV its annual revenue grew by approximately NZ\$400 million (internal documents). After 3 years of IJV collaboration, MILK had successfully launched an initial public offering (IPO) on the main board of the New Zealand Stock Exchange (NZX) and become a listed company. Its success in forming an IJV suggests that the decision to enter into a joint venture with CHD1 was a sound strategic decision, not only giving NZD1 access to the profitable Chinese dairy market but also enabling it to launch a new range of infant formula products on behalf of CHD1. As a result of the IJV collaboration, NZD1 has transformed from a small, local dairy company with 28 employees to an international enterprise with 156 employees, contributing 1% of New Zealand's total milk production (Cren et al., 2009). In order to compare the effects of the IJV on NZD1, I referred to NZD1's internal report for empirical evidence from between 2008 and 2013. The internal report contained the key facts and history of NZD1 before and after the IJV was set up, and this data demonstrated NZD1's rapid growth. These data are presented in Table 5.5.

Table 5.5: Key Facts and History of NZD1 between 2008 and 2013

Year	Key Facts & History
2008	- Dryer 1 plant put in operation
2009	- Produced 29,393 MT (metric tonnes) of ingredients and whole milk and skim milk powders sold - EBIT (earnings before interest and tax): -3,837 (NZ\$) - Net profit (loss): -14,156 (NZ\$) - 28 employees
2010	- CHD1 invested - Dryer 2 plant built
2011	- Dryer 2 plant put in operation - Produced 54,648 MT (metric tonnes) of ingredients and infant formula and nutritional powders sold - Total assets grew 38% compared to 2009 - Net profit (loss): -3,085 (NZ\$)
2013	- Produced 87,798 MT (metric tonnes) of ingredients and infant formula and nutritional powders sold - 46,600 MT of milk solids expected to be processed - 30% average annual volume production growth over the four financial years to FY2013F - 155 farms contracted to supply milk - 80 customers located in 50 countries - 156 employees - 4 consecutive years in the Deloitte Fast 50 Index from 2008 to 2011

Note. Resource derived from NZD1 internal financial report.

CHD1 Company Background

CHD1 was a state-owned enterprise founded in 1949, majoring in the food industry in Shanghai. Spurred by government policy to encourage state-owned enterprises to transform into partial private ownership in order to activate business vitality and become independently self-financing, CHD1 sold 46% of its shares in 2002 to several other privately-owned food and beverage companies, subsequently becoming CHD1&Group (the Group), which was then controlled by Shanghai Municipal Government through two local state-owned enterprises (occupying a 54% shareholding) (internal report). Since then, CHD1 has officially become a subsidiary of the Group, owned by the state and private enterprises, which also suggests that the Group's policies and strategic orientations directly influence CHD1's strategic planning and decision-making.

As a result of success in domestic mergers and acquisitions, CHD1 became one of the dominant players, sharing the majority of the dairy market with three other corporate groups, namely, Yili, Mengniu, and Sanlu (Fu & Nicoll, 2011). Like CHD1, Yili was established in 1993 as a state-owned enterprise controlled by the Inner Mongolia Autonomous Region Government (Xiu & Klein, 2010). After it was listed on the Shanghai Stock Exchange in 1996, it transformed into a partially-privatised corporate group (Xiu & Klein, 2010). Mengniu was another Inner Mongolia-based manufacturer, but was established as a private company in 1999 (Fu & Nicoll, 2011). Sanlu was the largest infant formula producer, and then became an IJV owned by Sanlu Ltd (occupying a 56% shareholding) and New Zealand dairy giant Fonterra (holding 43% of shares in Sanlu) before the 2008 China milk scandal (Fu & Nicoll, 2011). The four corporate groups occupied about 45% of dairy market shares, and meanwhile, there were 700 other smaller Chinese dairy companies and 100 foreign companies catering mostly to local markets (Xiu et al., 2010). This structure reflects intense competition for milk resources and sales amongst the domestic brands and between the domestic and imported brands in the Chinese dairy market (Jiang & Zhu, 2013; Ng & Salin, 2012).

Influenced by the 2008 China milk scandal, the pattern of market share allocation changed. Sanlu declared bankruptcy and the other two top dairy companies, Mengniu and Yili, lost 80% of their sales in the first 10 days (Xiu & Klein, 2010). CHD1 lost most of its market shares, which were reduced from 8% to about 1%, and also lost RMB286 million (approximately US\$43 million) (internal documents). Consequently, 20 of the top imported brands quickly occupied nearly 80% of the infant formula market, competing with local brands in the Chinese milk market (Astley, 2014).

In response to this situation, the Group addressed two strategic orientations. The first one was to innovatively develop new ranges of products, including sterilised milk, fresh milk, yogurt, pasteurised milk, cheese, milk powder, and fruit juice, together with establishing sales agencies in each of the first- and second-tier Chinese cities that were responsible for local sales and after-sales service. As a result of the success in innovation, the Group ended up with total assets worth 45 billion Yuan, owning over 500 retail outlets in China via its NGS Supermarket division, and the Group reached sales revenue of 30 billion Yuan in 2014 (internal documents).

The second strategy was to source mergers and acquisitions opportunities, with a focus on dairy factories located in New Zealand and Australia, due to the well-known image of a having a “clean and green” environment, and the relatively low cost of raw milk resources (Barnett & Pauling, 2005). In response to Chinese consumers’ safety concerns and willingness to pay double or triple price for imported brands of infant milk powder, rather than pay less for domestic brands, CHD1 planned to introduce premium infant formula manufactured in overseas IJVs, as this could help it obtain the valuable resources required to develop competitive advantages to lead the company forward in the Chinese food market (internal documents).

In 2011, CHD1 took advantage of a merger opportunity in New Zealand. It purchased a 51% shareholding of MILK (owned by NZD1), and became the majority shareholder. This first overseas merger gave CHD1 a marketing lead over its peers. Shortly after, CHD1 purchased an 85% shareholding of an Australian cheese factory, and during the following 2 years continued to form IJVs with nine other overseas factories, enabling CHD1 to become a multinational food holding company serving both the domestic and international markets, with a 500,000 tonne annual production capacity. CHD1 is now listed in China’s top 500 companies (internal documents). It appears that the execution of its mergers and acquisitions strategy enabled CHD1 to achieve relatively successful expansion and resource exploitation in a short period of time.

However, after 3 years’ collaboration between CHD1 and NZD1, the balance of the IJV ownership changed following CHD1’s decision to allow its shareholding in MILK to be watered down from 51% to 39% when MILK became a listed New Zealand company, which was in contrast to its initial intention to maintain the majority shareholding position. This event was in process at the time I was given approval to conduct my research in the IJV and aroused my interest in gaining an understanding of why CHD1 had appeared to suddenly change its strategy, what this strategic decision meant to both parent companies, and how this decision influenced their subsequent collaboration. Table 5.6 provides a summary of the major contrasting characteristics of the IJV partner companies in order to demonstrate their differences and similarities.

Table 5.6: Comparison of IJV Partner Company Characteristics

Characteristics	NZD1	CHD1
Company size	Medium (156 employees)	Large (over 1,500 employees)
Location	North Canterbury	Shanghai
Establishment	About 12 years	About 64 years
Employee Ethnicity	Majority are from New Zealand Some originate from Australia, India, China, Denmark, Germany, USA, etc.	All are ethnic Chinese
Ownership	Private dairy factory Originally established by 3 New Zealanders	Part of a large majority state-owned food company Group
Core Organisational Cultural Values	Fairness Make a new mistake Be smart and excellent Respect business contracts	Respect your elders Learn from the pragmatic experience of your peers and elders Avoid repeating mistakes and taking risks
Major Language used in the Workplace	English	Chinese
Decision-making Process	Decentralised	Highly centralised
Senior Managers' Majority Religious Belief	Christian	Non-religious
Major Market position	International market	Domestic Chinese market
Key Decision-maker(s)	The CEO	The Corporate Group Board Chairman (who was a senior government official) The CEO
Experience of Running an IJV	No managers at any level had experience of running an IJV	No managers at any level had experience of running an IJV

Note. Resources derived from first-hand internal documents

5.5 Methods

5.5.1 Data Collection Process

Case study data collection lasted 11 months, from July 2013 to June 2014 and involved three stages, during which I travelled between New Zealand and China to collect data. I collected documents pertaining to the establishment of the IJV, conducted semi-structured interviews and observations of routine work and meetings and engaged in participant observation. Stage 1 of the data collection lasted 12 days and involved collecting 39 documents and conducting 7 semi-structured interviews with the participants in each company who had crafted the IJV, 3 from NZD1 and 4 from CHD1. Individual interviews were conducted at the headquarters of

each company. Stage 2 of the data collection lasted 48 days and involved observing participants in meetings and other routine work and activities at the headquarters of each company. In the same period, I conducted 30 semi-structured interviews, 20 with participants from NZD1 and 10 with participants from CHD1. With company approval, I conducted an interview with one of CHD1's lawyers at his office in Auckland. Stage 3 of the data collection lasted for 23 days and involved undertaking 15 semi-structured sensemaking interviews with participants at the headquarters of each company. Eight of these interviews were with participants from NZD1 and 7 with participants from CHD1. Table 5.7 lists the primary data types collected, the data collection methods used, the number of data resources gathered, and the amount of time spent on field research for each stage of the data collection process.

Table 5.7: Data Collection Stages/Timeframes, Data Types, and Data Resources

Stage/ Timeframe	Data Types	Methods and No. of Data Sources
Stage 1 July 2013 - August 2013	<ul style="list-style-type: none"> - Documentation - Narratives of IJV start-up strategising and collaboration 	<p>Documents: N=39 contracts (n=2) business plan (n=1) financial reports (n=3) meeting reports (n=12) organisational brochures (n=6) newsletters (n=10) copies of work emails (n=4) interview recording (transcribed) (n=1)</p> <p>Semi-structured interviews: N=7 3 interviewees from NZD1 at its headquarters 4 interviewees from CHD1 at its headquarters</p>
Stage 2 October 2013 - April 2014	<ul style="list-style-type: none"> - Participants' role-play and strategic actions during interaction - Interview accounts about how participants performed and collaborated with others in collaborative activities 	<p>Participant observation of meetings: N=16 CEO meeting (n=1) NZD1 senior management team meetings (n=12) CHD1's routine Strategy Department meetings (n=3)</p> <p>Participant observation of routine work and activities at NZD1 headquarters (8 days) at CHD1 headquarters (3 days)</p> <p>Semi-structured interviews: N=30 20 interviewees from NZD1 at its headquarters 9 interviewees from CHD1 at its headquarters 1 third-party lawyer for CHD1 at his office in Auckland</p>
Stage 3 June 2014	<ul style="list-style-type: none"> - Sensemaking accounts of actors' reported SP from Stage 1 and observed SP from Stage 2 	<p>Sensemaking interviews: N=15 8 interviewees from NZD1 at its headquarters 7 interviewees from CHD1 at its headquarters</p>

Sample Selection

In this study, the sample selection was “purposeful” rather than random (Eisenhardt & Graebner, 2007; Patton, 1990). Purposeful sample selection means that I chose informants with the specific purpose of selecting those who could provide in-depth data related to IJV collaborative action or SP. At Stage 1 of data collection, I purposefully selected 7 senior managers for interviews because they had rich experience in the field being studied (see participants’ profiles in Appendix 3). At Stage 2, I selected 30 participants for interviews based on the rapport I had built during Stage 1 as well as on my knowledge about the roles these participants played in the IJV. For Stage 3 I selected 15 key participants from senior and middle management because they played a key role in the IJV, and their strategic decisions, to some extent, directly influenced the IJV collaboration.

Using purposeful sample selection, as opposed to random sampling, has the advantages of allowing collection of in-depth data with a small number of participants, who are then willing to introduce colleagues to the researcher, enabling the researcher to explore their colleagues’ perspectives on a particular idea, event, program, or situation. For example, during the period of observation, I paid attention to building rapport with key actors, who subsequently became very helpful and supported me to arrange interview times with colleagues who had rich experience in the IJV collaboration, which allowed me to explore new issues in depth.

Data Collection: Stage 1 – Documents Collection and Semi-structured Interviews

At the start of the research process, the fact there was no known previous empirical research studying how key stakeholders make sense of their own and their counterparts’ strategic actions in creating or developing an IJV collaboration and how they account for IJV SP during interaction meant there was no foundation for developing a conceptual model so an exploratory approach was taken. As part of Stage 1, I gathered 39 documents from NZD1 and CHD1. These documents included the following:

- 1 IJV negotiation contract
- 1 milk supplier contract
- 1 business plan about next ten-year strategic orientation
- 3 financial reports
- 12 meeting reports related to NZD1’s senior management meetings
- 6 organisational brochures

- 10 newsletters related to NZD1's monthly social activities
- 4 copies of work emails between the IJV colleagues
- 1 transcription of an audio interview record of CHD1's CEO

It was important to include documents as one of the data collection methods, because reading and analysing document resources can help researchers make sense of the case context, key stakeholders, enacted environments, organisational cultures, strategy work, and practices (Mignon & He, 2005). Additionally, some researchers point out the important role of documents in shaping and reshaping the organisational identity and strategy through textual patterns (Arnaud, Mills, Legrand, & Maton, 2016). As Silverman (2010) states, "If we wish to understand how organisations work and how people work with/in them (documents), then we cannot afford to ignore their various activities as readers and writers" (p.78).

From this perspective, documents can serve as a basic foundation to improve the researcher's understanding and interpretation of participants' experience; consequently, this method was incorporated into the data collection strategy throughout the research process. For example, through analysing the politically and identity-loaded texts (e.g., CEOs' speeches) in a discursive way, I was able to understand what the participants believed about the 'reality,' the ways that they construed their experiences as legitimate knowledge, and how they shared and interpreted the knowledge in the organisational context (Brown & Humphreys, 2006; Brown et al., 2008; Guba & Lincoln, 1994). Also, through the content analysis of internal transactional documents (e.g., negotiation records and financial statements), I was able to improve my understanding of the participants' perceived 'reality' and the negotiated nature of enacted organisational environments.

The second part of Stage 1 involved conducting semi-structured interviews with 7 senior managers (3 from NZD1 and 4 from CHD1). The semi-structured interviews were augmented with a standard set of questions to gather demographic information, as well as to investigate participants' sensemaking and retrospective interpretations of the IJV start-up, strategising, and collaborative events and activities. This technique was employed to ensure there was scope to elicit interviewees' views and encourage free discussion while supporting the development of an open relationship between the interviewer and the interviewee (King, 1994). It also allowed me to gain a better sense of the participants' beliefs, attitudes, values,

habitus (Bourdieu, 1990, 1998), and actions in the IJV collaboration, (Jarzabkowski, 2004; Samra-Fredericks, 2003). Habitus in this context refers to the deeply seated habitual behaviours, skills, and dispositions that a person possesses as a consequence of that person's life experiences (Bourdieu, 1990, 1998).

Aided by the progressive development of friendly research relationships with participants, I gradually expanded the sample and was able to focus increasingly on those actors who directly participated in the IJV activities and/or played a key role in decision-making. This allowed me to gain rich and in-depth information (Taylor, 2011). Other than the additional interview opportunities that the friendly research relationships enabled, the obvious disadvantage was that I felt pressure and was challenged to find a balance in positioning my research role as "observer as participant," rather than as an "insider" (Gold, 1958), especially when participants considered me as a close friend, sharing gossip about their colleagues, their company, and the IJV relationship. As a result of this dilemma, in order to get refined data, I made every effort to critically assess what sort of information was valuable and useful and remove my personal emotion from the process of interpreting and analysing the data (Gold, 1958).

Data Collection: Stage 2 – Participant Observation & Semi-structured Interviews

The first part of Stage 2 involved observing participants during meetings, routine work, and other work-related activities. In total, 16 strategic meetings were observed, namely 1 CEO meeting held at CHD1's headquarters, 12 senior management meetings held at NZD1's headquarters, and 3 departmental meetings held at CHD1's headquarters. Detailed notes were taken at each meeting and 4 meetings were video recorded. In total, I spent 20 days at NZD1's headquarters observing departmental routine work and 12 senior management meetings. I spent 3 days at the Strategy Department in CHD1 collecting observational data, which included observing 3 routine meetings, and observing 1 CEO meeting.

Cooper, Lewis, and Urquhart (2004) define participant observation as any "fieldwork activity," which means that the researcher enters a specific social group and becomes a part of it, becoming involved in the daily activities of that social group in order to get an understanding of the group's life-worlds, thoughts, attitudes, and actions. Gold (1958) identified four styles of observation: *complete observer*, *observer as participant*, *participant as observer*, and *complete participant*. Each of these observation styles has advantages and

disadvantages when used to develop data in a natural setting. The complete participant (i.e., complete insider) and complete observer (i.e., complete stranger) are both ‘extreme roles’ to collect quality data (Gold, 1958). The former requires the researcher to build an intimate relationship with informants and behave as a one of them to access covert data, while the latter requires the researcher to remain entirely outside the observed interaction, and this increases the danger of misunderstanding the observed subjects (Gold, 1958). In an attempt to overcome my worries of being either so close to trigger misjudgement or reactivity (i.e., changing the setting by being in it) or not close enough to conduct meaningful observations (Hong & Duff, 2002), my preference was to be either a “participant-as-observer” or an “observer-as-participant” in terms of the degree of involvement in participation (Gold, 1958). The former places more emphasis on participation than on observation, while the latter places more emphasis on observation than on participation (Hong & Duff, 2002).

During Stage 2, I adopted the observer as participant role, and in the fieldwork activities, both the informants and I were aware that we had an interactive research relationship rather than a workmate relationship, which allowed me to balance the degree of involvement to informants’ work and social activities and control my emotions to have neutral judgment of the narratives of experience and observed phenomena (Gold, 1958). Less time was spent in China, but during the time I was there, every opportunity was taken to talk with staff and observe them in action. The most significant opportunity came when I was invited to be a participant observer during a CEO meeting. I not only observed the interaction but also assisted by being an interpreter.

The second part of Stage 2 involved conducting another set of semi-structured interviews with 30 participants (20 from NZD1, 9 from CHD1, and a third-party lawyer for CHD1) in order to enrich data collected from key middle managers and front-line employees, and the third-party professionals involved in the process of the IJV start-up, allowing for the enhancement of data integrity. The follow-up interview times and places were kept flexible in accordance with participants’ requests. Many interviews were arranged at a coffee shop or a restaurant near the workplace during participants’ lunch breaks. The relaxed setting encouraged interviewees to talk openly, and this enabled me to gather further data and/or check emerging patterns by asking emergent questions that were developed from previous interviews (Tosey, Lawley, & Meese, 2014). This meant that the questions evolved were not the same for each interview because they depended on the individual participants’

experiences, the roles they played in the IJV collaboration. Also, the wording of questions varied. For example, the term *IJV* was sometimes replaced with *the partner firm* or *the IJV partner*.

Data Collection: Stage 3 – Sensemaking Interviews

Stage 3 involved conducting 15 sensemaking interviews with key senior and middle management participants (8 from NZD1 and 7 from CHD1), during which I asked them to make sense of the collective narratives of IJV collaboration and SP revealed in Stage 1 and 2. This was done in order to understand why diversities occurred in the reported SP, which was gathered from participants' IJV collaboration stories from their own perspectives during Stage 1 of data collection and from interview accounts in Stage 2 of data collection, and the observed SP, which was gathered from my observations of participants' daily routine work and strategic meetings. Key practitioners were asked "why" questions during the sensemaking interviews to elicit sensemaking accounts of SP; these sensemaking accounts enabled me to refine the data. Moreover, interview questions were developed to bridge the gap between reported and observed SP, and thus the sensemaking accounts-based data became relatively unique and in-depth, and this enabled me to answer the research questions as well as to develop a theoretical model by linking sensemaking and SP.

5.5.2 Data Analysis

Data analysis consisted of three stages of interpretive analysis that were coupled with the three stages of data collection in an iterative process where new data were coded using codes developed from previous interpretive analysis of the data (Mills, 2011). This iterative process meant that when the codes did not accommodate the new data, revisions were made and when a good fit between data and codes was not found, further inclusive codes were devised in order to improve the data-code fit (Mills, 2011). For example, rapport that was built in Stage 1 helped encourage interviewees to talk freely in Stages 2 and 3; and Stage 1 codes helped structure approaches to collect in-depth data in the stages that followed. In turn, patterns and themes emerged from the interpretive analysis of the data gained in Stages 2 and 3 using codes that had been previously developed.

Knowledge, as a product, was produced at each of the three stages of data collection and analysis during interaction between the participants and myself, so some regrouping and re-defining of the candidate themes was required in further work to ensure the appropriateness,

robustness, and representativeness of the data (Morse, Barrett, Mayan, Olson, & Spiers, 2002). This process resulted in a number of changes to the themes that were ultimately used to present the findings from this case study (see Chapters 6 and 7). The final products that resulted from each linked data collection and interpretive analysis stage were as follows: Stage 1 resulted in two composite narratives (one for each company), Stage 2 resulted in a comparison of strategy practices, and Stage 3 resulted in a conceptual model showing the sensemaking discrepancy in an IJV collaboration and a model of sensemaking about performance in an IJV collaboration.

To ensure internal and external validity of the findings that emerge from interpretive analysis of case study data (Merriam, 1995), I used multiple methods of data collection and analysis to ensure I had a rich and comprehensive database to analyse. I relied on NVivo (10) software to facilitate these data and also for data storage. Not only did I follow an inductive process in the way I analysed the data, but I also constantly checked my emerging interpretations and conceptualisations with participants. The practitioners' involvement and feedback allowed me to produce knowledge in a logical and trustworthy manner (Visconti, 2010). To create the collective narratives for each company, I arranged four meetings in each workplace with individual departmental senior managers to provide summaries of emerging findings and to gain feedback to ensure my interpretations of participants' narratives and my observation of participants' actions were accurate. Additionally, where ambiguous or conflicting meanings occurred in those sections of an individual's narrative dealing with IJV, SP or collaborative events I had additional conversations to resolve the ambiguity or conflicting meanings. When data analysis was completed, I sent the Research Finding Report (see Appendix 6) to the two companies and asked their senior managers for feedback.

Data Analysis – Stage 1

Stage 1 data analysis included three steps. First, I scanned 39 documents and manually summarised their contexts. Then I identified and coded sentences related to the IJV collaborative events, activities, strategy practices, and policy or strategy changes that evolved as the IJV developed (Gong & Liu, 2001). Second, I transcribed the 7 senior management interviews. The longest one lasted 93 minutes, the shortest one only took 40 minutes, and the average length of the other 5 interviews was 63 minutes. Each interview was fully transcribed, producing a total interview data set of approximately 43,400 words. I then used the software program NVivo (version 10) to facilitate analysis and store the data. Third, in

order to check emergent themes and patterns in a rigorous manner, I continuously cross-compared documental data and interview transcript data. My focus was on reports of deliberate collaborative action or SP. This systematic analysis process enabled me to gain an understanding of the complexity involved in the IJV and the events contributing to its establishment. In order to maintain confidentiality of information and protect participants' identities, as well as represent a coherent story, I chose to use a composite narrative method (Wertz et al., 2011). I constructed collective narratives of the IJV collaboration for each company, based on my interpretation of the individual narratives of key stakeholders' experiences. This process is explained in more detail below.

Step 1: Document Analysis

After I scanned the internal documents collected from the two companies, I found that many of them were not relevant to IJV collaborative action or strategy practices. Consequently, I created text summaries by coded and extracting sentences from the original documents (Gong & Liu, 2001). This method not only allowed me to keep lean data, but also enabled me to refine document data through the process of iterative analysis. Table 5.8 provides an example of how I created text summaries and concluded the analysis results. This iterative analysis process was followed throughout the research.

Table 5.8: Document Analysis Example Demonstrating Summarisation and Results

Original Documents	Summary	Results
<p><i>From NZD1:</i> “(CHD1) is one of our important customers. (CHD1) owns and markets PC (referring to branded infant formula) products in Shanghai and adjacent provinces which (NZD1) manufactures. (CHD1) provides us with valuable strategic insight, particularly in respect of the Asian dairy market, and actively encourages and supports the development of our direct relationships with our wider customer base in China.”</p>	<ul style="list-style-type: none"> - NZD1 considered CHD1 as a trading partner, rather than considering CHD1 as an IJV or business alliance partner - NZDA defined the benefit gained from the IJV collaboration as “encouraging and supporting” them (NZD1) to develop relationships with China-based customers 	<p>Keeping a trading relationship with CHD1 matters to NZD1</p>

Original Documents	Summary	Results
<p><i>From CHD1:</i> “(NZD1) is not only a significant investment for (CHD1), but also the only supplier of our first high-end infant formula product. (NZD1) is important to the development of (CHD1’s) whole infant formula business. With the excellent quality product provided by (NZD1), together with the developed marketing and distribution business of (CHD1), we are confident that our product will position us well in the high-end infant formula market.”</p>	<p>- CHD1 invested in Milk (but regarded it as a part of NZD1 which CHD1 considered to be their subsidiary) with the strategic purposes of developing its high-end infant formula business in the Chinese milk market and accessing New Zealand milk resources</p>	<p>Developing infant formula with NZD1 is their first strategic priority in the IJV collaboration</p>

Step 2: Interview Data Analysis

To ensure the interview data were analysed with ease and in a logical manner, I used the software program NVivo (version 10) to facilitate data analysis and storage. To identify the participants’ similar and contrasting perceptions of their IJV partner and the collaboration, I grouped the candidate themes into ‘S’ (similar) and ‘C’ (contrasting) categories and then compared them with the interview transcripts to see if I had overlooked the “meaning coherence” (Sandberg, 2005). To make sure that my interpretations accurately mirrored participants’ perspectives of lived experience, I cross-checked document resources and interview statements in relation to those parts of my interpretation. In the iterative analysis process, I found three prominent categories of themes involved in the IJV management and operational activities that led to disjointed collaboration: hierarchical communication, hierarchy of strategising, and discourse discrepancy. These three themes developed at the initial study stage enabled me to understand the specific context of the Sino-NZ IJV collaboration and why key actors had different interpretations of the IJV including the interpretations of its concept, ownership, and collaboration. This also encouraged me to explore in-depth data related to the sensemaking about IJV strategy practices at both organisational (meso) and individual (micro) levels in the subsequent research stages. Table 5.9 provides an example of the first-level coding based on Stage 1 data and the themes that emerged from the initial open coding, together with statistics showing their frequencies.

Table 5.9: Example of First-Level Coding – Explanatory Themes

Participants' Themes	No. of Sources	No. of Extracts
<i>Hierarchical Communication</i>		
We see things differently	6	22
We have a communication problem	3	7
Hierarchy of communication exists at the departmental and managerial levels between the two companies	6	20
The Chinese board directors come as a group to argue for the same idea	1	2
<i>Hierarchy of Strategising</i>		
The decision to invest in MILK was made by the Group Chairman who was a senior government official and the CHD1 senior managers followed his lead	3	3
The Chinese board directors didn't contribute to the IJV management and performance	1	5
Our market development focus is different and thus our strategy orientation is different	6	15
We all go to the board and the board makes the decisions	4	7
NZD1's CEO is ambitious, hard-working, and has a strong personality, but it is not easy for him to trust people	3	5
CHD1 considered MILK as their first overseas subsidiary and their NZ-based infant formula production factory	3	7
NZD1 is a young company and needs to build a solid foundation, otherwise there is danger, especially if it keeps growing so fast	3	7
NZD1 considered CHD1 as an important shareholder that brought the capital NZD1 needed to grow the company	3	8
NZD1 initially expected CHD1 to have good production techniques, skills, and capabilities	3	7
CHD1 initially expected NZD1 to do as directed and to perform well	5	11
NZD1's senior managers expressed the opinion that "Chinese people are born to negotiate" and like to keep renegotiating prices but "we used the contract to stop them"	3	7
Key leaders build the organisational culture	6	9
The Chinese infant formula market is growing dramatically and consumers want the best for their children	4	6
<i>Discourse Diversity</i>		
CHD1 tried to push NZD1 to operate the IJV in a manner consistent with its strategy orientation, but the results were not satisfactory	2	5
Both companies have their strengths but during the initial collaboration period they seemed to focus more on self than the other	2	3
From the operational perspective, it made no difference to CHD1 whether they held a majority shareholding or not	4	4
NZD1's senior managers considered that CHD1 made a mistake when it decided to allow its shareholding to be watered down from 51% to 39% rather than investing further in the IJV	1	2
Reading body language is used as a tool to help interpret conversations	6	8

Step 3 – Constructing Composite Narratives

I took a narrative approach that focused on chronological events related to participants' lived experience in the start-up IJV negotiation and collaboration. "Narrative is discourse that provides a clear sequential order which connects events in a meaningful way, thereby

offering insights about peoples' experiences" (Singh et al., 2015, p. 153). In other words, narrative provides a sequential collection of events with a causal explanation or plot, showing what each event is, how event 'A' occurs in a particular context, and why 'A' causes 'B' (Brown et al., 2008; Roundy, 2010). It thus can reveal a connection between individual actors and the events they participate in or observe.

The analysis of the narratives of the IJV collaboration collected from key stakeholders in each company revealed conflicting accounts and very sensitive data about the IJV relationship, so I decided to use a composite narrative approach to construct a collective narrative of the IJV collaboration, one for each company, in order to protect individuals' identities and maintain consistency that existed across narratives (Wertz, Nosek, McNiesh, & Marlow, 2011).

"A composite narrative is defined as a novel method to re-present narrative data and qualitative research findings through first person accounts that blend the voices of participants with those of the researcher, emphasising the connectedness amongst all the participants, researchers, and listeners" (Wertz et al., 2011, p. 1). According to Thompsen (1994), a composite narrative is a creative narrative allowing for the presentation of an argument that operates at four different levels. The first is that it can be read as a report and considered as the account of an episode in which the focus of meaning creation is the transcription of data resources (e.g., email messages, interview accounts, transcription of observation data, and observation notes and memos) (Thompsen, 1994). The second is that it can be read as a story, with plot, scene, and characters, in which the focus of meaning creation is the narration of social actions (Thompsen, 1994). The third is that it can be read as a findings report of interpretive research, in which the focus of meaning creation is the careful analysis and thoughtful engagement with the literature (Thompsen, 1994). The fourth is that it can be read as an argument for a broader view of scholarship, in which the focus of meaning creation is the effort to position the narrative as a work of legitimate intellectual engagement (Thompsen, 1994). These four levels are not separated; they are interrelated with each other. As such, this method is characterised by the use of semi-structured interview and observation methods to collect data and centring interpretive analysis of text, in order to allow readers to develop more embodied understandings of both texture and structure of the phenomena (Todres, 2008; Wertz et al., 2011). Text here refers to a hermeneutic term related to interpretation of narratives and observed practices, habits, and experience (Riessman,

2000; Wertz et al., 2011). The composite narrative is not simply re-telling narrators' accounts, but rather interpreting narratives and weaving voices together in a balanced manner, with thematic structure portrayed in a texture-rich and authentic way (Wertz et al., 2011). This involved carefully comparing the narratives, looking for points of convergence in order to understand where consensus existed across the narratives. Where disjunctions were identified these were abstracted until a general common theme could be determined.

Recently, Sonenshein (2010) conducted a single case study of strategic change implementation in a Fortune 500 retailer and found that most narratives of informants were fragments of stories. In order to provide readers with the broader sources of meanings and the broader types of meanings, Sonenshein carefully captured these fragments in individuals' discourses and created composite narratives of group constructions of the change (Sonenshein, 2010). Wertz et al. (2011) applied the composite narrative approach to their study of the social practice of four nurses, allowing readers to engage with the phenomenon with an increased understanding of interpretive analysis of narratives without full knowledge of the extensive data and diverse information.

I decided to employ the composite narrative method to re-present narrative data and findings for a number of reasons. Many participants provided in-depth narratives related to the topic of IJV collaboration, but these also contained personal emotions consisting of complaints, frustrations, and dissatisfactions. To a certain extent, some participants' accounts overlapped or conflicted with the others across a range of phenomena. To ensure confidentiality, and to avoid risk of harming participants' relationships by directly displaying their interview accounts, I reconstructed the composite narratives of the IJV collaboration for each of the companies through interpretive analysis of narrative data. This also allowed me to convey their integrated experience based on my understanding of the phenomenon under inquiry (Angen, 2000; Wertz et al., 2011). Moreover, this method enabled me to have a selection of different forms of talk and texts, produced by a range of strategy practitioners who were directly involved in the negotiations and start-up of the IJV and the initial collaboration during the period under investigation. By so doing, I was able to compare sources to ascertain events and activities, compare what the different practitioners said, compare what the different practitioners did, and compare accounts over a period of time.

When reconstructing composite narratives of the IJV collaboration, I focused on the period from May 2011, when the two partner companies first engaged in the IJV negotiation event, to 2014, when the IJV ownership changed following the successful initial public offering (IPO). I used software NVivo (10) to code interview data and attention was paid to analysis of narrative accounts about how actors in the IJV retrospectively explained and justified their strategising. I also manually analysed documents and observation memos to refine and reflect on these emerging codes with the goal of developing patterns and themes (Wertz et al., 2011). In the iterative process of data analysis, I recognised a key pattern in the discourse of senior managers from the partner companies: They constructed the IJV collaboration as either something new and important, or as something significant and consistent with the status quo. At this point, I re-examined the data set again, finding several different applications for the wide lens of construction as important or insignificant. Remaining open to disconfirming evidence, I went through several refinements of the narratives presented by key actors (e.g., decision-makers, executives, and middle managers), constantly moving between the emerging composite narrative and the raw data, to ensure I was creating a credible narrative. The end result of this stage of analysis, as previously stated, was two composite narratives, one for each company. The results for this stage are reported in Chapter 6. Figure 5.1 provides a visual of the Stage 1 data collection and analysis process and end product.

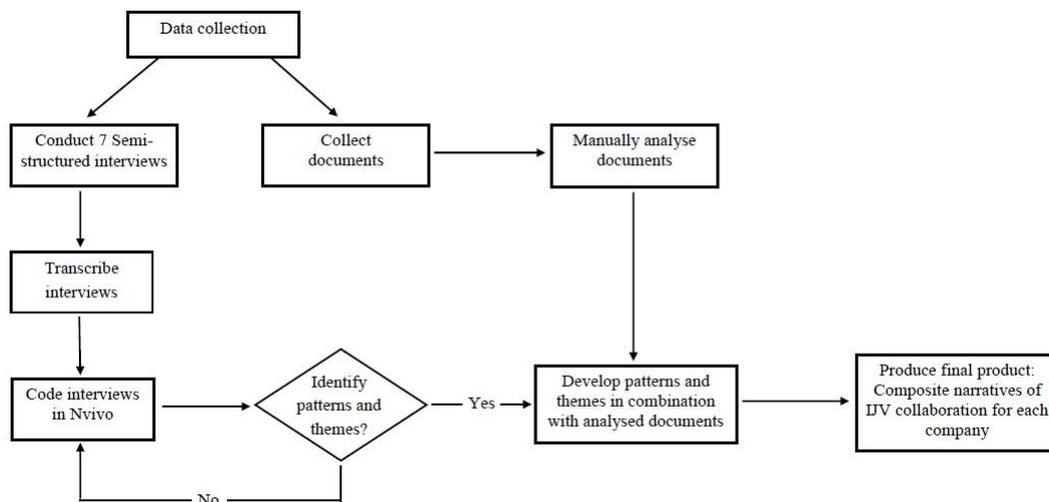


Figure 5.1: Stage 1 Data Collection and Analysis

Data Analysis – Stage 2

This stage of field research lasted approximately six months, during which time the researcher was in the centre of events and work processes within the two IJV partner companies. Data resources were collected from participant observations, interviews, and

additional documents. Observation of meetings and events generated new questions on which further interviews were based. In addition, the insights that resulted from unanticipated data contributed to further development of the conceptual models and triggered the search for complementary theoretical concepts. Thus, the observations combined with interviews resulted in a new view of the phenomenon itself, which was associated with discovery. In addition, I disclosed myself as a subject of observation in the quotations from my observational notes and memos in order to underline the realness of my observation and increase the credibility of the description. Multiple sources may contribute to revealing aspects unknown to the researcher who is able to then gain rich theoretical insights (Dyer & Wilkins, 1991).

Due to the data collected for this stage being large, complex, and diverse, some theoretical patterns and themes emerged from the data that enabled me to advance my understanding of the entangled practices and praxis inherent in day-to-day strategising. Because I focused on an examination of interaction dynamics between actors, actions, and role-play, rather than on an analysis of detailed individual accounts, I coded the interaction process and transcribed the relevant conversations. This enabled me to understand participants' dynamic relationships (see Appendix 4 for a summary of interaction process analysis function codes).

Step 1: Interview Data Analysis

Interview data from the 30 semi-structured interviews (see Appendix 3 for a summary of sampling) were transcribed. Then the software program NVivo (version 10) was used to facilitate data storage and analysis. The longest one lasted 67 minutes, the shortest one only took 35 minutes, and the average length of the other 28 interviews was 48 minutes. Each interview was fully transcribed to yield an average of 4,000 words of transcript data, making a total interview data set of approximately 120,000 words. Attention was paid to analysis of texts and actions collected and observed at strategic meetings and activities, coupled with 30 interview data sources.

The second-level coding process was similar to the first-level process. Three prominent categories of themes were found: lack of knowledge transformation between the IJV partners, competing for strategic decision-making, and disjointed IJV collaboration. This allowed me to explore further interview data related to sensemaking accounts of the SP revealed in Stages 1 and 2. Table 5.10 provides an example of the second-level coding based on Stage 2 data

and the themes that emerged from the initial open coding, together with statistics showing their frequencies. The emergent themes allowed me to advance my understanding of the IJV SP, as well as helping me explore sensemaking interview data in Stage 3.

Table 5.10: Example of Second-Level Coding – Explanatory Themes

Participants' Themes	No. of Sources	No. of Extracts
<i>Lack of knowledge transformation between the IJV partners</i>		
Their production technology is not good as we expected	12	20
NZD1 has little insight about which products to develop	7	19
They think they are better than us, but actually they are not	15	36
We offered NZD1 the opportunity for staff exchange and training but they refused the opportunity	3	5
<i>Competing for strategic decision-making</i>		
We don't allow them to be involved in the IJV's operation and management	5	17
We control the decisions made at board level	8	30
We are responsible for designing strategies and making sure the IJV's strategic orientation is consistent with that of the Group	4	15
We (NZD1) make all the decisions for the IJV, CHD1 does not	5	21
We keep pushing them until they give in	7	32
We argue until we get an agreement	12	35
They know that if they don't agree with me, I will go to see their CEO	1	4
<i>Disjointed IJV Collaboration</i>		
Other than the regular board meetings, the IJV partner companies never set up any inter-firm senior and/or middle management meetings either in New Zealand or in China	29	29
The IJV partners both appeared to do things in their own way	1	3
Senior managers from the IJV partner companies don't talk or chat to each other either before or after board meetings	9	12
Senior managers from both IJV partner companies felt disappointed about counterpart performance, but didn't make any effort to solve the conflicts which occurred	10	35
We don't trust their words, so we use contracts to control their behaviour	8	29
I don't care whether or not they lose face	2	7
They only care about what we can give them	5	18
We have started to reduce the focus on NZD1's image in our infant formula promotions	3	13
When we asked NZD1 to provide product information or asked other small favours, they never took our requests into account	5	26

Step 2: Action-based Data Analysis

Action-based data resources were collected from participant observation of meetings and routine work in Stage 2. This observation data offered insights into the existence of diverse aspects related to organisational practices, cultural values, detailed work environments, and rituals in the two parent companies, but these were irrelevant to the study's focus on IJV collaboration from the perspective of sensemaking about strategy practices. Consequently,

they did not contribute to building a theoretical model of sensemaking about strategy practices or performance in the context of IJV collaboration. Therefore, I used this observation data, coupled with observation notes and memos, as supplementary information to help me design sensemaking interview questions for the Stage 3, rather than including these resources in reporting the findings. I also considered this sort of observational data as reference for this study. Figure 5.2 provides a visual of the Stage 2 data collection and analysis process and its end product.

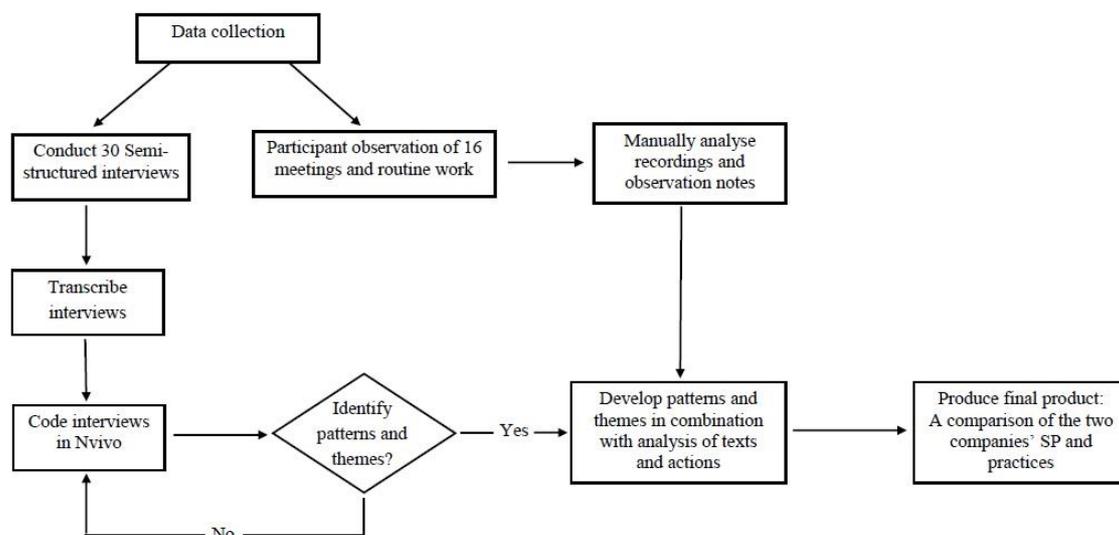


Figure 5.2: Stage 2 Data Collection and Analysis

Data Analysis – Stage 3

Stage 3 data analysis included three steps. First, I transcribed the 15 sensemaking interviews. Second, I reviewed the 15 interview transcripts and manually analysed text related to IJV strategy practices. Third, I checked emergent themes with 7 key informants (3 senior managers and 2 middle managers from NZD1 and 1 senior manager and 1 middle manager from CHD1), who were interviewed at least twice, sometimes more, and engaged in regular informal conversation during Stage 3. Participants were asked to reflect upon the collective narratives and describe the sense they made of them (i.e., account for the various strategic practices in the collective narrative). Attention was paid to analysis of sensemaking accounts of IJV strategy practice revealed in Stages 1 and 2. An appreciation of the iterative procedure of data collection and analysis, together with continuous comparison of the analysis allowed me to develop a theory from the emerging data rather than a conceptual framework derived from extant literature (Eisenhardt & Graebner, 2007). The emergent findings and conceptual models are discussed and illustrated in Chapter 7.

Step 1: Transcribing Interviews

The longest one lasted 75 minutes, the shortest one took 40 minutes, and the average length of the other 13 sensemaking interviews was 65 minutes. Each interview was fully transcribed to yield an average of 5,500 words of transcript data, making a total interview data set of approximately 82,500 words.

Step 2: Reviewing & Analysing Interview Data

Because the 15 informants were purposefully selected based on knowledge gained from Stages 1 and 2, the interview questions varied depending on individual actors' role-play in the IJV collaboration. Therefore, I manually analysed the transcripts, coupled with the use of NVivo (version 10) for data analysis and storage, rather than relying heavily on computer-assisted analysis methods. Meanwhile, I reviewed Stage 2 interview transcript data and constantly cross-compared data sources collected from the three stages, which allowed me to assess data sources for validity in the data analysis process.

Step 3: Cross-comparing Themes

As previously stated, I checked emergent themes with 7 key informants (5 from NZD1 and 2 from CHD1), who were informally interviewed twice and/or engaged in regular informal conversation during the period of Stage 3 research. Figure 5.3 provides a visual of the Stage 3 data collection and analysis process and end product.

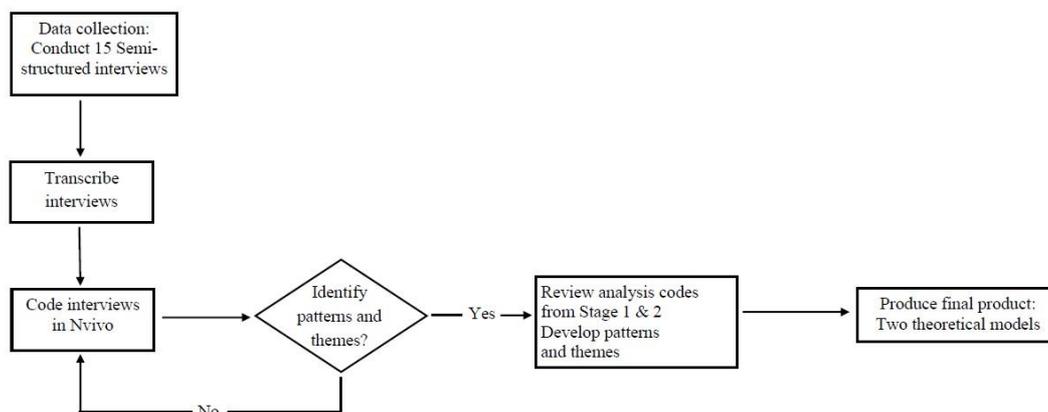


Figure 5.3: Stage 3 Data Collection and Analysis

In summary, data collection and analysis at the three stages had different focuses and different data sources. The data sets gained at each stage were different, but not isolated from each other and were synthesised in the process of theory building and development. Table 5.11 on the following page summarises the data sources, focus, and final product for each stage of research.

Table 5.11: Data Sources, Analysis Focus, and Final Product

Stage	Data Sources	Analysis Focus	Final Product
1	<ul style="list-style-type: none"> • 7 interviews transcripts: 3 from NZD1 and 4 from CHD1 • 39 internal company documents 	<ul style="list-style-type: none"> ▪ Document analysis: focus on deliberate IJV collaborative action and/or strategising ▪ Interview data analysis: focus on <i>reported</i> deliberate collaborative action and/or SP ▪ Reconstructing composite narratives: focus on a narrative and sensemaking lens of IJV strategising and collaboration 	<p>Composite narratives of the reported deliberate collaborative action, one for each company</p>
2	<ul style="list-style-type: none"> • 30 interview transcripts: 20 from NZD1, 9 from CHD1, 1 lawyer for CHD1 • Observational notes from 1 CEO meeting <p>* Analysis of 15 observation meetings plus observation notes of routine work were used as reference sources only</p> <p>* Data sources were used as supplementary sources for Stage 3</p>	<ul style="list-style-type: none"> ▪ Interview data analysis: focus on similarities and differences in reported SP or collaborative action within and between the two companies, and finding patterns or themes based on statistical analysis using Nvivo (10) ▪ Action-based data analysis: focus on changes of communication behaviours and participants' reactions in response to different situations and participants involved 	<p>Comparison of SP and practices of the two companies</p> <p>* Analysis of 15 observation meetings plus observation notes of routine work was not relevant to IJV strategy practices and collaboration</p>
3	<ul style="list-style-type: none"> • 15 interview transcripts: 8 from NZD1, 7 from CHD1 <p>*Acted as the primary sources to produce the product</p>	<ul style="list-style-type: none"> ▪ Interview data analysis: focus on the similarities and differences in reported SP and observed SP or collaborative action, and finding patterns or themes based on statistical analysis using Nvivo (10) ▪ Reviewing and comparing data analysis: focus on emergence of patterns and themes and refining them in order to develop theoretical models and theory 	<p>A theoretical framework and a model emerged from Stage 2 & 3 data sources, with a focus on sensemaking accounts of the strategy practices revealed in Stages 1 & 2:</p> <ol style="list-style-type: none"> 1. A model of sensemaking discrepancy in an IJV collaboration 2. A model of sensemaking about performance

5.6 Ethics

Research ethics are a critical part of any research design. All practices must be ethical, ensuring the interests of all stakeholders are carefully protected. This research was conducted in two culturally different communities; thus, the ethical practices required were complex. I had to consider the research ethics from the perspective of two different value systems (Stokes, 1987). By doing this, data collection from each community could be compared.

Ethics approval was sought in order to make sure the ethical standards were met. This project was reviewed and approved by the University of Canterbury Human Ethics Committee in June 2013 (See Appendix 1). The research design that was approved included the following features:

- *Confidentiality.* All the data in this study remained strictly confidential. To protect participants' identities, code-names were used for company names and pseudonyms were used for participant names.
- *Voluntary Informed Participation.* Participants were asked for their consent both verbally and in written form. The participants were also provided with overview documents and interview protocols and were given time to contemplate their participation and to ask questions regarding the study. Moreover, they had the opportunity to withdraw at any stage before the related data was analysed.
- *Impact on Participants.* I was aware of the inconveniences that might be created during data collection and respected participants' privacy and time (Richards & Schwartz, 2002). Therefore, efforts were made to reduce potential inconvenience. Before conducting an interview, an invitation letter was sent to the potential interviewee, allowing them to consider the appropriate interview time and place. In some instances, participants were asked to attend follow-up interviews at a time convenient to them. Moreover, I attempted to consider and minimise the participants' concerns about maintaining and sharing the information they provided. I also attempted to minimise the potential consequences for participants of sharing this information.
- *Access to Documents.* Participants only had access to data that they themselves had given. They also had the opportunity to review the interview transcripts and were able to request feedback on the overall results of the study.

- *Risk*. No risks or negative consequences were anticipated to be associated with this research. The feedback process and measures were designed to ensure that participants' confidentiality and interests were protected.
- *Safe Practice*. This research was conducted within organisations. Therefore, I took all legal issues into consideration and adhered to every aspect of the organisations' policies and regulations regarding this research.

5.7 Final Reflections on the Research Process

The choice to study the interplay of sensemaking and strategy practice in an international joint venture (IJV) posed methodological challenges, particularly as I decided to study *sensemaking about strategising* between two companies in their everyday organisational activities. To collect quality data, I employed multiple approaches, such as participant observation, interviews, casual conversations, attending social events, and document gathering, as I believed that there was no one perfect approach that could help me to collect "good" data (Chris, 2003). I attempted to use any opportunity to collect as much data as possible for this single case study research.

As a new researcher, I was very excited about each small process of data gathering; the more I got, the more satisfied I felt. However, the large volume of data made finding patterns and categories challenging. Using an iterative process helped keep the analysis focused and moved it forward, but it was not always possible to tightly couple data collection and analysis, so I invested a greater amount of time on data collection and analysis than I originally planned, during which I allowed myself to become immersed in the data, constantly reviewing, checking, and comparing the three stages of analysis.

There is always a gap between the facts and the "edited" organisational stories (Dunne, 1995, as cited in Brown, 2006), between the interpreter and the speaker, and between the researcher and the reader, due to the different parties' interpretive processes. To achieve a plausible interpretation of participants' experience of the IJV, I worked to develop a high level of rapport, used a reflexive process and discussed the findings with key participants. Moreover, I found that constantly making notes was a very helpful method to keep track of the research process and to aid in refreshing my memory, especially when it was difficult to collect data and analyse it in the same time period. Through learning by doing research, my interpretative skills improved rapidly, enabling me to feel confident about both the quality of my theory

building and my ability to deliver my research story to readers (Ahmad, Marwat, & Khan, 2013). To make sure the interpretive data analysis was accurate, I reported the results back to the key participants including the findings and the two conceptual models (see Appendix 6). Thus, the research results were endorsed by the two research companies.

5.8 Limitations

1. While considerable time was spent in the field in New Zealand and 3 days were spent in China, there were few opportunities to observe SP that specifically pertained to the IJV collaboration. Most of these occurred during the field trip to China. This meant more instances of strategy practice and practices were reported rather than observed.
2. Furthermore, due to the confidential nature of board meetings participant observation was not possible. As a result, many instances of executives' sensemaking about strategic decision-making processes were reported rather than observed.
3. The rich and insightful data collected in this single case study supported an analysis that contributes to both theory development and practice. However, if more time and money had been available a more extensive comparison of all the similarities and differences in the culturally influenced social behaviours identified and how these shaped strategy practices and contributed to the sensemaking perspective of SP could have been conducted.
4. Even though I had the chance to sit in on many meetings, including a meeting of CHD1 and NZD1's CEOs where I acted as an interpreter, the meetings I were able to observe were not critical IJV negotiations or strategising sessions. This is understandable as such meetings are highly commercially sensitive. Having direct access to such meetings rather than relying on narratives from attendees would have been ideal.

CHAPTER 6: COMPOSITE NARRATIVES OF THE IJV COLLABORATION

6.1 Introduction

This chapter presents two composite narratives of reported collaborative strategy practices from each company's composite narrative. These were produced in Stage 1 of data analysis by comparing individuals' IJV stories in order to find the intersections that represented the accepted company stories. These narratives capture the consensus about the what, when, who, and how of setting up an IJV collaboration.

The purpose of this chapter is to provide a comparison between how the partners in the Sino-NZ IJV narrated their experience of the collaboration. The collective narratives are illustrated with representative excerpts from the individual narratives from which they were composed. These narrative excerpts are used to show how the company members retrospectively explained and justified their strategising.

First, the composite narratives of the Sino-NZ IJV partner companies, NZD1 (New Zealand-based dairy company) and CHD1 (China-based dairy company), are presented. For the purpose of confidentiality, participants have been assigned pseudonyms. To distinguish the identities of participants from NZD1 and CHD1, I use English and Chinese pseudonym names according to which IJV partner company the participant represented (see Appendix 3 for the 7 participants' profiles). Second, the two composite company narratives are compared to reveal commonalities and contradictions in the IJV collaboration. Finally, the chapter concludes with a comparison of the strategy practices of the two companies according to each of the nine emergent themes: "the purpose of seeking an IJV collaboration," "the approach to an IJV opportunity," "the timing of seeking an IJV opportunity," "the criteria for IJV partner selection," "the communication approaches employed in response to the other party's requests in the IJV negotiations," "the ways of acting in the IJV collaboration," "the perception of decision-making in the IJV collaboration," "the strategies employed in the IJV collaboration," and "the main considered collaborative problems and their causes."

6.2 Brief Explanations of Key Concepts

Narrative

In some studies, the terms *narrative* and *story* have been used more-or-less interchangeably (Brown et al., 2008; Watson, 2009). Brown (2006, p. 13) explains: "Narratives are narrated

(written/voiced) by authors from a particular point of view, for a particular audience, and are thus imbued with motive, while stories do not tell themselves, they are told by storytellers, and are a product of contingent human construction.” This suggests that authoring or narrating is a creative act, as actors infuse their lives with meaning (Rhodes & Brown, 2005) but with an audience in mind. In this study, narratives were gathered to capture the chronology as well as the detail of the development of an IJV. Narratives lend themselves to an interpretive analysis of a subject’s experience because narrativity is the key method people use to make sense of their experiences (Brown, 2006; Humphreys & Brown, 2008). Narratives provide rich data that can be used to determine the diversity and complexity of the subjects’ (i.e., the narrators’) experience of strategising within the context of IJV collaboration (Jarzabkowski & Fenton, 2006) and the sense they make of this strategising. This was the overall objective of this doctoral study.

Composite Narrative

A *composite narrative* is defined as a collective narrative produced from individual narrative data that displays consensus evidence across a range of individual narratives (Wertz et al., 2011). Three periods are addressed in each company’s collective narratives. These represent the three stages of the IJV development: “the IJV negotiations,” “the IJV start-up,” and “changes of the IJV shareholding”. These narratives represent the intersections in the retrospective descriptions and explanations given by the key players in each company as they retold and justified their IJV experience and the strategising that occurred. In order to demonstrate these intersections between the composite narratives, I include interview excerpts to allow the voices of the subjects tell their company’s story.

6.3 The Composite Narratives of the Sino-NZ IJV Start-up and Collaboration

When CHD1 bought a 51% shareholding of MILK (the IJV) and became the IJV partner of NZD1, MILK was operated in New Zealand and managed by MANAGEMENT (a subsidiary wholly owned by NZD1). During the IJV start-up negotiations, CHD1 agreed with this IJV structure. However, in the first 3 years of IJV collaboration, board members competed for control of MILK with regard to strategic planning and decision-making. In the fourth year of IJV collaboration, CHD1 allowed its shareholding to be watered down to about 39%, giving away its majority shareholder position. NZD1 senior managers expressed that they were happy with this result. My case study research was conducted in their fourth year of IJV collaboration. Thus, key actors’ reported strategy practices were central to advancing an

understanding of the “what, when, who, and how” of setting up the IJV collaboration. In the following sections, I re-present the composite narrative of NZD1’s senior managers, followed by the composite narrative of CHD1’s senior managers.

6.3.1 The Composite Narrative of NZD1

NZD1 is a New Zealand-based dairy company that, by the late 2000s, was an entirely privately-owned venture employing 28 people, and by emphasising a vision of adding more value to milk and producing premium customer-tailored commodity powders, it had become a well-known New Zealand B2B (business-to-business) dairy company. While the 2008 global economic crisis severely impacted both the New Zealand banking sector and the local dairy industry, NZD1 was preparing to raise money from its bank for the purpose of building a new factory for the development of production lines. In response to its failure to raise money from local banks, NZD1 attempted to raise money by launching an IPO (initial public offering) in New Zealand, but the event was not successful. NZD1 then turned its attention overseas to look for investors, and led by this strategic purpose, it launched an IJV (international joint venture) proposal. Several top-tier international dairy companies were attracted to participate in IJV negotiations. The future was looking positive.

After several months of discussions with interested parties, in early May 2010, NZD1 commenced IJV negotiations with two favoured candidates: a Singaporean dairy company (here called SND) and an Australian dairy company (here called AUD). During this period, representatives of CHD1 visited NZD1 and requested to participate in negotiations. In response to this request, NZD1 did not give them an immediate, direct answer, as it was happy with the two favoured candidates and keen on building a partnership with either one of them. Shortly after this, AUD unexpectedly walked away from the negotiations. Subsequently, NZD1’s senior executive sent CHD1 a letter inviting CHD1 to attend negotiations. The following excerpt from an NZD1 senior executive’s narrative captures the rationale that prevailed in this company.

“[The company couldn’t afford to be left] with only one option, as it’s too danger[ous], as well as we can’t afford to risk losing the opportunity. (CHD1) is there waiting, so we take [took] it as our second option.” (NZD1 senior executive)

The future involved a dramatic change of focus when circumstances compelled NZD1 to contemplate a future with CHD1 following the withdrawal of SND from negotiations. The following section presents three strategic episodes from NZD1's collective narrative, in chronological order, that tell the story of the company's strategy in the IJV collaboration, including during the IJV negotiations with CHD1, during the IJV start-up, and during changes of the IJV shareholding.

The IJV Negotiations with CHD1

In contrast to the pleasant surprise that CHD1 accepted the proposed price without an attempt to negotiate, NZD1 was faced with three challenges in understanding the CHD1 way of thinking and doing business. The first challenge arose when they discovered that CHD1 was only interested in investing in its factory rather than investing in the whole company. In response to this unexpected development, NZD1 consulted the company's attorney and changed its business structure to consist of three subsidiaries underneath NZD1: MILK (a factory), MANAGEMENT (a business used to manage and run FARM), and FARM (a business owning 36 farms). Following this, CHD1 immediately showed its desire to discuss the IJV proposal with a focus on MILK. The second challenge came about when CHD1 had read the hundreds of pages of the business plan and gave a prompt but narrowly-focused response, which was, "That's a good idea [referring to NZD1's intention to focus on infant milk powder] and we can work with that." NZD1 responded by explaining that developing infant formula was only a part of the plan, but they were not sure whether CHD1 really understood this. The third challenge was to handle CHD1's approach to contract documents. When handing the Chinese company a detailed contract with 100 contract terms, NZD1 expected to discuss all the issues related to its contents and provisions, but CHD1 came back and said that 100 clauses was too many and asked NZD1 to remove half of the clauses, after which CHD1 would be happy to move on to discuss and finalise the contract. In response to this, NZD1, in consultation with an attorney, cut the number of provisions from 100 to 35 while taking care not to change the most important contract terms. The result of the 2 months of Sino-NZ IJV negotiations was that NZD1 sold a 51% shareholding of MILK to CHD1 with an agreement that CHD1 could appoint four board members and NZD1 had three. The payment transaction was to be completed as soon as the signing ceremony was formally concluded in New Zealand. Officially, MILK became a Sino-NZ IJV jointly owned by CHD1 (holding 51% of shares in MILK) and NZD1 (holding 49% of shares in MILK).

The IJV Start-up

Faced with some issues created by ambiguities in the negotiations, NZD1 was nervous. The following excerpts from senior executives' individual narratives reveal this nervousness:

“I felt they were looking to invest in a company that was interested in producing infant milk powder rather than seeking mutual benefits from the two companies working together ...” (NZD1 senior executive)

“They expected us to produce quite a large volume of infant formula to support their market growth in China; but we focused on developing the international market...” (NZD1 senior manager)

“We are not a cheap milk supplier, so we make them understand that if they want to do business with us they have to buy on a world market price basis.” (NZD1 senior manager)

NZD1 was concerned CHD1 would use its majority shareholder's voting power to force changes in NZD1's original business plan, making NZD1 become CHD1's infant formula producer. Consequently, when the IJV commenced, NZD1 attached additional contract provisions to the shareholder agreement in order to limit CHD1's influences on business decisions at both board level and operational level. Specifically, NZD1 used the power of veto provided by provisions in the shareholder agreement, which stated that if any decisions were directly beneficial to CHD1, CHD1's four directors could not vote. Additionally, CHD1's directors had to have the agreement of two of NZD1's directors in order for a business decision to get through. NZD1 used its subsidiary MANAGEMENT, which was completely owned by NZD1, to organise the IJV and take responsibility for all matters of the daily IJV operations and management. Officially, CHD1 could not interfere with any business decisions that MANAGEMENT made for the IJV.

However, from NZD1's perspective, not only did CHD1 not follow the agreement, CHD1 also demanded that NZD1 do many things that were not mentioned in the business plan. This created challenges and/or difficulties for NZD1. The following three episodes in the collective narrative tell how strategic decision-making with NZD1's Chinese counterparts occurred during the IJV start-up. These three episodes are “NZD1 controls the IJV board's

decision-making,” “NZD1 controls decision-making for the choice of customers and sales price” and “changes of the IJV shareholding.”

NZD1 Controls the IJV Board’s Decision-making

When CHD1 completed its payment transaction, NZD1 used the money to pay its debts and the first phase construction costs of the new plant. After that, NZD1 focused on expanding its export markets, improving manufacturing facilities, and building its management and international sales teams, rather than engaging in infant formula development and sales for the Chinese market that CHD1 requested. When the Chinese board members came to the board meetings and made speeches, telling NZD1 how to make more profits by selling premium infant formula in the Chinese market, NZD1 often ignored CHD1 members’ speeches and moved on to the topics that NZD1 wanted to discuss and vote on. In this situation, the Chinese members either kept arguing or angrily left the meeting site to stop the board making a decision. In response to this, the CEO of NZD1, who was also a board member, had to fly to China to meet with CHD1’s CEO, who was not a board member, to discuss the issues. Following this, the Chinese board members often stopped arguing, leaving the board to make a decision in line with NZD1’s strategic interests. One NZD1 senior executive reported what he believed to be the reason for this change:

“They [CHD1’s board members] knew [know] I have a good relationship with [the CEO of CHD1]. He trusts me – trust[s] me to make a good decision ... I know they [CHD1’s board members] don’t like me to see their CEO, as they worried I would report them and make them lose face in front of their boss.” (NZD1 senior executive)

Accordingly, “an attempt to make the Chinese board members lose face in front of their CEO” became a strategy to stop the Chinese board members’ arguments, which in turn sped up the board’s decision-making process.

NZD1 Controls the IJV’s Infant Formula Decision-making

At the beginning of the IJV start-up, NZD1 built a new team to collaborate with CHD1’s team to develop a new co-branded infant formula (here called N&C) for the Chinese market. When CHD1 provided its first-year market forecasts and planned orders, the NZD1 senior manager responsible for the development of N&C did not agree with CHD1’s forecasts and requested that CHD1’s team revise their plan, because he believed the numbers were

inaccurate. To convince CHD1 that the forecasts were wrong, NZD1 spent several months familiarising itself with the Chinese market and discussing the planned order levels with CHD1. CHD1 eventually provided a revised plan in accordance with NZD1's forecasts and, in turn, started to collaborate more closely and finalised the development of N&C, the co-branded infant formula developed and produced by MILK and imported by CHD1 for sale in the Chinese market. This whole product development process took nearly two and half years. One NZD1 senior manager reported what he believed to be the reason for N&C development taking longer:

“They [CHD1’s team] told us they needed to grow the volume, but the volume they were talking about was very small, so we started at a slow pace... about two and half years to develop it. Then they complained we took too long... I think they expected too much of us.” (NZD1 senior manager)

Following the success in developing the infant formula, NZD1 did not allow CHD1 to sign an exclusive contract, which meant that NZD1 was able to sell its formula to any of its customers, including those who were CHD1's competitors.

NZD1 Controls Decision-making for the Choice of Customers and Sales Price

NZD1 also built a new team responsible for ingredients business development. When CHD1 offered an initial one-year contract for the purchase of commercial milk powder (CMP) at prices that were favourable to CHD1, NZD1 had to undertake several months of tough negotiations with CHD1. Eventually, NZD1 drew a bottom line, as indicated by the following excerpt from an individual narrative:

“We are an independent B2B business, not a cheap milk supplier. We have to compete with Fonterra and other companies to buy milk. So, if you want to do business with us, you have to accept our pricing model.” (NZD1 senior manager)

CHD1 accepted NZD1's pricing model and placed its initial twelve months' worth of orders accordingly. In the following months, NZD1's senior manager and his subordinate visited CHD1 at its headquarters twice, aiming to solve several trading problems that had occurred and discuss strategies and solutions to improve NZD1's sales in the Chinese market. However, CHD1's senior managers did not show up; instead, they sent a group of middle

managers responsible for procurement and product distribution to attend the meetings. As a result, the one-hour meeting was pointless because CHD1's middle managers did not have the authority to make decisions at the meeting. After that, when there were problems that needed to be resolved, NZD1's senior manager sent his middle manager to visit CHD1 rather than attending himself. When the first-year trading contract was completed, NZD1 stopped doing ingredients business with CHD1 because NZD1 could get better profits from other customers who were willing to pay a higher price for their quality products.

Changes of the IJV Shareholding

After 3 years of IJV collaboration, NZD1 had developed substantially, employing 156 people, managing 36 dairy farms, and exporting to over 50 countries. In order to continue its innovative growth, NZD1's senior management team planned to increase the number of employees to 250, extend the office building, and build a new canning factory within the next 2 years. This plan was presented for discussion at an IJV board meeting and CHD1 agreed with the plan, but suggested that NZD1 launch an IPO to raise the money. When NZD1 offered CHD1 an opportunity to maintain its 51% shareholding, CHD1's board members said they were not able to get the funding in China and politely chose the option that would cause their shareholding to be reduced as a result of the IPO. This surprised NZD1, as evidenced by the following excerpts:

"I don't think they [CHD1's board members] really understand what they have done because there is a big difference between 51 and 39. At 51% they were a majority shareholder and had some influence on board decisions; by going to 39% they will have very little, almost no influence on the company [the IJV]." (NZD1 senior manager)

"We feel very pleased... They've never had a chance to say they own us again." (NZD1 senior manager)

"Actually either [whether] they own 51% or 39%, there is no difference for me. I make all the decisions for the ingredients business I look after, but I'm pleased for this result." (NZD1 senior manager)

After CHD1 declined the offer to keep its majority shareholder position, NZD1 launched an IPO of the IJV, and this time, the event was successful. As a result of the IPO, CHD1's shareholding was reduced from 51% to 39%. NZD1 felt happy about this outcome because CHD1 was no longer a majority shareholder. This allowed NZD1 to do what it thought was right for the company and to only work closely with CHD1 when there was a mutual benefit and where it was commercially viable to do so.

6.3.2 The Composite Narrative of CHD1

After the 2008 Chinese milk powder scandal occurred, Chinese consumers lost trust and confidence in the food safety of domestic brands. They favoured international brands of infant formula even though the price was double or triple that of domestic brands. Consequently, the Chinese infant formula market was dominated by top international brands. In an effort to rebuild the company's market image and regain the lost market shares, the Group (CHD1&Group) instructed CHD1 to seek overseas mergers or joint venture opportunities. CHD1 sought mergers with New Zealand dairy factories to develop a new range of infant formulas. CHD1's reasons for this are captured in the individual narrative excerpts below:

“New Zealand is a good place. It has a pure environment and pure milk resources, plus friendly bilateral diplomatic relations and zero export tariffs on milk products. We think that it is a safe place to invest.” (CHD1 senior manager)

“The dramatic increase in raw milk price has doubled our production cost of milk powder in China... Milk price in New Zealand is much cheaper than in China, so it will give our [us] competitive advantages if we have a local factory to produce our product and supply our cheap milk source.” (CHD1 senior manager)

To follow this strategic orientation, CHD1 set up a new Strategy Department responsible for merger and acquisition projects. A senior manager responsible for overseas merger and acquisition projects searched for opportunities using his interpersonal networks. In May 2010, a friend who worked at an international bank told him that NZD1 had launched an investment project in New Zealand, and shortly after, he led a group of CHD1 representatives to visit NZD1 at its headquarters in mid-May 2010. After having a brief meeting with NZD1's senior management team, CHD1's managers were impressed with NZD1's humble

and polite manners. Most importantly, they found that NZD1 also wanted to develop infant formula, which was consistent with the Group's strategic orientation.

When compared with the profiles of the 31 other companies CHD1 had viewed in an effort to find a suitable merger or acquisition opportunity, NZD1 was new, small, and unknown. However, CHD1 decided to pursue the possibility of a merger because it could see potential in future collaboration with NZD1. Led by this belief, CHD1 asked NZD1 to open IJV negotiations. Two weeks passed, in which CHD1 received no response from NZD1. CHD1 later became aware that NZD1 had opened negotiations with two candidates, one each from Singapore and Australia. Consequently, CHD1 started to prepare for negotiations with NZD2 (another New Zealand dairy company). Another 2 weeks later, CHD1 received a letter from NZD1's CEO inviting CHD1 to participate in negotiations. The letter contained a detailed schedule, the meeting place, and important discussion issues. CHD1 immediately cancelled its planned negotiations with NZD2, because NZD1 was still the favoured prospect. Shortly after, the same group of CHD1's representatives who had visited NZD1 flew back to New Zealand and spent nearly two months there negotiating with NZD1's participants. Once the negotiations started, CHD1 was determined to beat its competitors and start a new business venture with NZD1.

The following section presents three episodes, in chronological order, that demonstrate what CHD1's key actors did collaboratively, in their own words, to form the IJV and collaborate with their IJV partner. These episodes are "a strong determination to catch the IJV opportunity," "high expectations of IJV performance," and "a decision to step back and watch."

A Strong Determination to Catch the IJV Opportunity

CHD1 was proud that even though they were the last company to open negotiations, they were successful in reaching an agreement to form a joint venture with NZD1. They eventually purchased a 51% shareholding of MILK, which had previously been a subsidiary wholly owned by NZD1, and thus, CHD1 became the majority shareholder. CHD1's key actors believed that this success was derived from their strong determination as well as it being their fate. To be able to catch the IJV opportunity, they had profiled their New Zealand counterparts and developed several strategies that allowed them to be flexible enough to cope with any uncertain situations.

First, CHD1's senior managers adjusted their communication style to be more direct:

"We all didn't have experience of negotiating with Western people. We've heard that Western people like to talk directly, so we've tried to use their way to talk and express opinions. It seemed to work well as they started to exchange feelings and opinions in the face-to-face conversations." (CHD1 senior manager)

Despite the good intentions of senior managers and the actions they took to try to communicate, it was still difficult for both Chinese and New Zealand participants to communicate with the same level of open, direct, and trusting communication.

"I felt it was difficult to communicate with them... Even though I talked to them directly and openly, they were still trying hard to guess the meaning behind my words and holding back information." (CHD1 senior manager)

The barriers in communication may come from the different ways that key actors perceived things, interpreted things, and expressed things. This suggests that the meaning of "being direct and open" may relate to a certain standard of perceived etiquette, which is influenced by contextual factors.

Second, CHD1's key actors wanted to give NZD1's key actors a good impression, so whenever NZD1's key actors asked new questions and/or proposed new discussion issues, CHD1's key actors "worked very hard" to give responses as quickly as possible. "Working very hard" meant that all CHD1's strategic key actors, including the Group's Chairman (who was also a senior government official), the CEO, and the negotiators (who were also senior managers) worked extended hours to overcome the five-hour time difference, communicate quickly, and maintain consistent thoughts, accounts, and actions.

Third, during the negotiation, CHD1's key actors were frustrated about the situation:

"The [NZD1] senior executive controlled the whole negotiation... we didn't get much information from him, plus a [there was] pressure from our Group leaders who asked us to successfully close the negotiation in July." (CHD1 senior manager)

In response to this situation, CHD1's key actors followed the principle of *qiu tong cun yi* (seeking common ground and allowing differences), allowing them to be flexible and focus on the good vision of potential collaboration in order to grasp the IJV opportunity.

Fourth, CHD1's key actors were given the power to make decisions based on small group discussions and agreements in any uncertain negotiation situations without having to seek guidance from the Group's leaders and CEO first. This allowed them to deal with the time pressure and reach a successful conclusion by the end of July. Overall, the key actors that participated in negotiations considered that the IJV negotiations were intense because of the time pressure created by the Group's leaders who wanted a successful conclusion within two months and because of the lack of information flow created by NZD1's key actors. They also considered the negotiations went smoothly because NZD1's key actors did not keep renegotiating price, which allowed them to pass this stage quickly. Moreover, NZD1's key actors responded quickly to CHD1's requests, such as reducing the number of contract clauses from 100 to 35.

High Expectations of IJV Performance

After the signing ceremony, NZD1 asked CHD1 to follow the contract terms and complete the payment quickly. When CHD1 became aware that NZD1 was not willing to supply cheap milk powder and ingredients and that NZD1 had substantial financial difficulties, the Group's leaders decided to delay payment and wait to see what happened. In response to NZD1's repeated requests for payment, CHD1 finally agreed to complete the payment transaction; however, in turn, it requested that NZD1 prioritise the development of infant formula and get the finished product into production within a year. When CHD1 received a verbal agreement from NZD1, the payment was completed.

When the IJV commenced, CHD1 sent a specialist team to NZD1's headquarters to help set up a computer system to handle the IJV's orders, transactions, and data records. CHD1 decided to keep a watchful stance and impart knowledge and experience through board meetings, rather than being directly involved in the operation and management of the IJV.

“Because of their distant location and disordered management situation, we didn't want to involve ourselves in their management.” (CHD1 senior manager)

To show support and encourage NZD1 to raise enthusiasm about developing the co-branded infant formula (N&C), the Group's leaders gave NZD1 an executive order for a 12-month supply of commercial milk powder, in accordance with NZD1's pricing model, with the expectation that this would result in a positive outcome for the first year's collaboration. However, the outcome was not what was expected:

“They [NZD1] kept promising to increase the volume of infant formula production and sales, but they never took action...the Group's leaders expected to see a good result after the first year of collaboration, but it [the outcome] was disappointing.”
(CHD1 senior manager)

After 6 months, NZD1 had not made progress on developing N&C. The Group's leaders cancelled the renewal of their executive orders; after this, CHD1's IJV board members immediately sensed that NZD1's senior executive became distant. For example, when they saw that NZD1 did not have a professional sales team, CHD1's IJV board members made many offers to help NZD1 build customer relationships and sell products in China through the use of CHD1's networks and sales channels, but these offers were often rejected. When they saw NZD1 planning to invest in Brazil, India, Taiwan, and other relatively small markets, rather than concentrating on developing infant formula and increasing sales in the Chinese market, CHD1's board members used the IJV board meetings to tell their counterparts about their past experiences and to remind them to be careful about the risks they had seen, but NZD1's board members ignored their speeches and continued doing what they had planned to do.

After another year had passed, N&C development was still very slow. In response to NZD1's perceived sloth, CHD1's board members asked their New Zealand counterparts to implement a remuneration scheme based on key performance indicators (KPI), because they believed this would motivate employees, increase employee enthusiasm, and enhance performance; however, the implementation appeared to have little effect. CHD1 perceived that the reason for this was associated with lifestyle:

“New Zealand people have a leisure lifestyle and this affects the way they think and work. Their work pace was much slower than us [ours], which put pressure on us to

get our job finished on schedule... We pushed them to execute KPI, but it didn't work well in their company." (CHD1 senior manager)

Following the KPI event, which failed to produce the expected results, CHD1's board members started to suggest that NZD1 become an independent self-financing company by launching an IPO:

"We didn't want to invest more money... when they needed money to do this or that, they came to us and asked for help, but when we asked them to put more effort into developing infant formula and increasing their sales, they were not interested in listening." (CHD1 senior manager)

Until NZD1 took action to launch an IPO in New Zealand, this issue had repeatedly become a central discussion topic at board meetings.

After two and a half years, N&C was finally ready for production, but by that time the Chinese market was dominated by international brands. In response to this competition, CHD1's senior marketing manager led her team to develop a new marketing plan and placed CHD1's first 3-month order in preparation for the Chinese New Year sales. However, CHD1 only received half of what had been ordered because NZD1 did not have the capacity to fulfil the order, and this resulted in much lower sales than anticipated. While waiting for the rest of the order to arrive, CHD1 developed a promotional plan and asked NZD1's senior marketing manager to provide some product information that they needed for the promotion. CHD1 found that the help was not forthcoming, and was told that NZD1 only supplied information to its sales agents, not its customers, so CHD1 had to arrange for an advertising company to travel to New Zealand and do the work needed to launch the promotion. Following this event, CHD1's marketing manager rarely communicated with her New Zealand counterparts and when there were urgent or important issues to discuss, her team members would communicate with the Chinese-speaking employees of NZD1, who started to play a messenger role for the IJV's collaborative work.

A Decision to Step Back and Watch

Because CHD1 considered NZD1 to be its first overseas subsidiary and both the Group's leaders and the senior management team had high expectations about the IJV's performance,

CHD1's management team members wanted to guide it to steadily grow in accordance with their expectations. Since the IJV had been established, they had tried many ways to show their willingness to support it financially and strategically by giving advice, imparting experience, offering staff training, and providing marketing opportunities for product sales. They felt that the more they tried to show their support, the less information they received from their IJV partner. Accordingly, the IJV relationship started to unravel. In response to this, CHD1's key actors decided to change their strategy. Their first decision was to step back and remove pressure from the relationship in order to maintain harmony. This involved CHD1's board members allowing their New Zealand counterparts to run the IJV as they wished, provided that they continued to supply the high-quality infant formula CHD1 needed. CHD1's board members stopped lecturing about their own experiences, and instead CHD1 watched its partner's performance and waited for its partner to make a big mistake and ask CHD1's members for advice. The second decision was that CHD1 would not invest more capital in the IJV; instead CHD1 allowed its shareholding to be reduced so that the IJV could raise money by launching an IPO. This allowed CHD1 to avoid increasing its financial commitment to the IJV and reduce the pressure on its senior managers, who were then able to focus their energies on more important projects.

6.4 A Comparison of the Strategy Practices of the Two Companies

While the composite narratives above provide important insights into the discursive similarities and differences between the two companies, it was necessary to 'drill down' within each composite narrative to reveal finer grained perceptions and talk around strategic practices. To do this, I compared narratives of the 7 senior managers to uncover the discursive 'doings' reflected in the phenomena and to allow readers to make sense of their perspectives of "who did what" in the IJV collaboration. In so doing, important and useful patterns emerged from the data through 'letting the data speak for itself.' After analysing the data according to the chronological sequence of events (the time the two companies met, the time of their participation in the IJV negotiations, the establishment of the IJV, the commencement collaboration, and the time that the IJV was listed on the NZX) I discovered nine emergent themes:

- the purpose of seeking an IJV collaboration,
- the approach to an IJV opportunity,
- the timing of seeking an IJV opportunity,

- the criteria for IJV partner selection,
- the communication approaches employed in response to the other party's requests during the IJV negotiations,
- the ways of acting in the IJV collaboration,
- the perception of decision-making in the IJV collaboration,
- the strategies employed in the IJV collaboration, and
- the main considered collaborative problems and their causes.

6.4.1 The Purpose of Seeking an IJV Collaboration

The three NZD1 senior managers had a similar narrative pertaining to the purpose of seeking an IJV opportunity:

“It enables us to raise money and develop our company.” (Thomas)

“It allows us to develop new markets...” (Peter)

“It drives our company to become an international dairy company.” (Jack)

However, each of them had different opinions about “who” the priority target was for building an IJV partnership and “where” they should target to find a partner. Jack was “looking for an opportunity to build a partnership with a top-tier international company, especially either a Singaporean or an Australian company.” Peter was more concerned with “the Chinese dairy market,” which was in line with Thomas’s idea that “there are more opportunities in the Asian markets.”

The four CHD1 senior managers did have purposes that were well-aligned, but each senior manager had a particular focus. Lan Ping expressed the need to “find an investment with a good return,” while Han Lu was focused on how the correct choice of partner would help them “to develop global brands of infant milk powder.” Li Gang believed that the strategy of finding an IJV partner in New Zealand would allow them “to use the IJV’s reputation to rebuild our [their] market image and regain consumers’ trust” and help them “become the market leader.” Thus, “a company from a country with an excellent reputation for milk quality and safety, whose strategic interest included developing infant formula would be the ideal choice of partner and meet all our strategic needs” (Sun Peng).

According to these perspectives, the commonality between the two companies was that the purpose of seeking the IJV collaboration was to use the other company’s strengths to make

up for its own weaknesses. However, the specific purposes for seeking the IJV collaboration differed between the two companies, because their strategic interests were not fully aligned. For example, NZD1's strategic interests were to develop commercial milk powder and international markets, while CHD1's strategic interests were to develop infant formula and regain lost market share in the domestic Chinese dairy market. This implies that such differences in strategic orientation may have resulted in conflicts in IJV strategising, which in turn influenced IJV collaboration.

6.4.2 The Approach to an IJV Opportunity

According to Jack, the approaches that NZD1's key actors used were "launching a merger project" and "commencing IJV negotiations to find beneficial prospective partners." CHD1's key actors appeared to have a less proactive approach to the project, in which Li Gang chose to "give the ideas and direct young people to get the job done," while Sun Peng used "personal networks to seek out opportunities," and Lan Ping "believed in fate and waited for the opportunity to appear."

The individual narratives of NZD1's key actors provided similar accounts about their company's approach to the IJV, but these were in stark contrast to those provided by CHD1's key actors. NZD1's key actors believed that the 'proper' approach to establishing an IJV was to propose an investment project to attract potential investors, but their CHD1 counterparts appeared to trust that the right opportunity would present itself. Neither talked about adopting a business approach such as writing a business plan or proposal or consulting with professionals. This suggests that the ways of thinking and doing business between the senior managers from the two companies were very different.

6.4.3 The Timing of Seeking an IJV Opportunity

NZD1's collective narrative proposes that the timing of seeking an IJV opportunity revolved around growth. This is supported by all the individual narratives. Jack reported that NZD1 needed "to raise capital for continued expansion." This point of view was reinforced by Thomas who stated, "We needed to raise money in order to be able to build a new plant and expand our production line." Peter also related this growth rationale using different words. He stated, "We needed to find new market opportunities and increase sales volumes." Jack also shared this view, stating, "We needed to expand our export markets." These similar

individual narrative excerpts show how individual actors' IJV narratives provided the foundation for identifying NZD1's collective narrative.

In CHD1's narrative, there was a pervasive urgency. Lan Ping stated, "We suffered severe financial losses as a result of the 2008 milk scandal, so we needed to find a good overseas investment to help recover the losses." In order to remedy that situation, CHD1 needed access to resources to regain consumer trust. Li Gang, similarly, addressed this urgent need to regain trust in his individual narrative, stating, "We urgently needed access to quality milk resources in order to regain Chinese consumers' trust after the 2008 Chinese infant formula scandal." According to Sun Peng's narrative, the urgency was further reinforced because they "needed to act quickly to implement the strategic policy of the Group's leaders." The need for urgency was an integrating theme across the individual narratives and was explained in terms of needs that emanated from the problems caused by the 2008 Chinese milk scandal.

Even though NZD1 "was not initially looking for a Chinese company" (Jack) and CHD1 was the "last company to ask for agreement to open the negotiations" (Sun Peng), the two companies eventually entered into the IJV. This reveals that the timing for them to form the IJV resulted from "a chance" (Sun Peng) and "fate" (Lan Ping), and was reinforced by "a strong determination to grasp the opportunity" (Sun Peng) and "a right decision to form the IJV" (Peter). From NZD1's perspective, the combination of the inability to raise capital through the company's banking contacts at that time and the company's failed IPO also appeared to have created some urgency, and as a result, even though the reasons for wanting the opportunity were not aligned, the timing was right for both companies.

6.4.4 The Criteria for IJV Partner Selection

The criteria NZD1's key actors reported applying in their search for a partner centred around looking for "top-tier international companies, especially those from Singapore or Australia" (Jack). This is a key feature of the "how" of the company's collective narrative, but the individuals within NZD1 made sense of the criteria in different ways. Peter saw Asian companies as good prospects, stating "there is huge potential in the rapidly developing Chinese infant formula market, so an Asian market partner is the ideal choice." Thomas, in contrast, was more concerned with aligned business practices, stating that in an IJV collaboration, "it is important to have a common understanding of business operation and practices."

The actors from CHD1 had a very different set of criteria guiding their selection of an IJV partner. They reported focusing on securing a good investment with a partner from a country whose reputation would help them rebuild their domestic market image in China. They recognised that “New Zealand is a safe clean country and a good place to invest” (Han Lu). Han Lu also believed “it is important to find good honest people because they [CHD1’s key internal stakeholders] rely on them to run the IJV.” Sun Peng also proposed that “the IJV partners must have consistent strategic orientations in line with that of the Group.”

The composite narratives of both NZD1 and CDH1 reveal that each company met some of its partner’s criteria, however both companies eventually came to believe that, in practice, the other did not fully meet those criteria. The urgency in wanting to form the IJV apparent in both composite narratives appears to have caused the companies to neglect undertaking due diligence and proceeding with sufficient care to ensure that their prospective partners fully met their selection criteria.

6.4.5 The Communication Approaches Employed in Response to the Other Party’s Requests During the IJV Negotiations

NZD1 claimed that its negotiation strategies involved controlling the process. According to the individual narratives, this was achieved by keeping “all the candidates away from each other before the negotiation meeting” (Jack) and getting the deal that suited them best by being flexible in their approach. When referring to the operation of the IJV, Thomas stated, “We rapidly changed the business structure to suit their [CDH1’s] wish to invest in the factory only,” and as Jack explained, by persuading CHD1’s key actors “to accept the price by telling them the other party has [had] already accepted it.” The strategies to control the negotiation process in NZD1’s collective narrative are illustrated in Jack’s narrative, in which he said they found that CHD1 had a lack understanding of how the New Zealand legal system worked, so they “apparently cut the number of contract provisions to meet their [CDH1’s board directors’] requests without changing the most important contract terms” and “used a shareholders’ agreement to constrain their [CHD1’s board directors’] voting power.”

In contrast, CHD1’s composite narrative focused on ensuring the negotiations went smoothly. This company’s quest for harmony and efficient process is captured in Sun Peng’s individual

narrative when he says they were, “responding quickly whenever they [NZD1’s actors] posed questions or new discussion issues” and “making a conscious effort to be direct and open to suit their [NZD1’s actors’] communication style.” Similarly, this commitment to harmony and smooth running in the CHD1 collective narrative is illustrated in Han Lu’s narrative when he said the intention was to “focus on common interests and ignore minor differences.” The desire to ensure having absolute voting power was always in the background though. For example, Li Gang stated that the company “wanted to have a majority shareholding in the IJV.”

The collective narratives reveal that each company, driven by its respective purposes in forming the IJV, employed different strategies to defend its own strategic interests. NZD1’s directors used a shareholders’ agreement with specific contractual terms to limit the voting power and influence of CHD1’s directors, while CHD1’s directors focused much less on the contract, preferring to rely on building relationships, good impressions, and trust with their New Zealand counterparts. The collective narrative suggests there were some ambiguities embedded in the process of finalising the contract terms that may have caused conflicts and/or confusion in future collaboration. The consensus evidence was demonstrated in Han Lu’s narrative, in which he said they [CHD1’s senior executives] tried to understand the major reasons for failure to achieve their prospective investment outcomes, so a project manager conducted a research program by “reviewing the initial contracts with MILK, analysing three years’ worth of MILK’s financial reports, and measuring NZD1’s sales performance” and found that “different understandings of contractual behaviours and terms have [had] increased the level of uncertainty in collaboration.” Similarly, this comment to a lack of understanding of each other’s contractual behaviours running in NZD1’s collective narrative is illustrated in Peter’s narrative, in which he said the frustration of dealing with CHD1 was in “make [making] them understand the way NZD1 operates contracts.”

6.4.6 The IJV Collaboration in Practice

At board level, NZD1 controlled decision-making by using a shareholders’ agreement and imposing rules on CHD1’s selection of board members in order to limit CHD1’s voting power. We see an explanation of this in Jack’s narrative when he stated, “We limited their voting power through the shareholders’ agreement.” At the level of operating the IJV, actions included using contracts and once again controlling the decision-making. This control theme was evident across the other individual NZD1 narratives, providing empirical support that

NZD1 used imposing control as a strategy, as reflected in NZD1's collective narrative. Peter reported, "We used trading contracts to avoid renegotiations of price and/or other issues." Thomas stated, "I decided how much infant formula we would produce." NZD1 also decided to "stop doing ingredients business with [CHD1] because they [NZD1] could find better customers who were willing to pay a higher price" (Peter). NZD1's collective narrative presents NZD1 as making all decisions for the IJV operation. The individual narratives provide consistent evidence that NZD1's senior managers did not pursue direct communication with their IJV counterparts. This practice of limiting communication was attributed to disappointing outcomes from NZD1's initial visit to CHD1's headquarters. The individual narratives revealed that this disenchantment played out in practice when urgent trading problems occurred. NZD1's middle manager was sent to CHD1 to discuss the issues, rather than the senior managers doing so themselves.

CHD1's collective narrative reveals complementary practice that ensured the two companies' practices were synchronised. At the board level, CHD1's practices included "giving [NZD1] a 12-month executive order contract in accordance with their pricing model" (Han Lu) and expecting to get good returns based on their investment in building the relationship. Li Gang reported that he did not involve himself with the IJV board; instead, he directed his young people to do the job. At the level of operating and managing the IJV, CHD1's senior staff did not involve themselves in the management, rather they "trusted [NZD1's] people to run the company for them." (Li Gang)

The combination of NZD1's strategy of limited communication and CHD1's strategic delegation and trust in NZD1 to operate the IJV accounts formed NZD1's perception that it controlled the IJV as NZD1 "took responsibility for making all the decisions." Supported by contracts and its partner's decision to stand back and leave NZD1 to run the company (MILK), NZD1's composite narrative presents NZD1 as controlling the IJV at board, operational, and managerial levels, only giving CHD1 the information it thought necessary and having little regard for CHD1's wishes and CHD1's stated reasons for entering into the IJV collaboration. In contrast, CHD1's collective narrative presents the IJV as the company's first overseas subsidiary, for which it considered itself responsible for guiding MILK in its growth with caring, support, and instruction. The strategy of not being involved in the operation and management of the IJV was accounted for in terms of the inconvenience of the long-distance travel required. In addition, as the majority shareholder, CHD1 trusted the

initial impression of NZD1's senior management team as being "good honest people" and ideally placed to run the IJV in line with CHD1's strategic orientations and planning. This is a very significant finding. The comparative narrative analysis reveals that NZD1 and CHD1 had different ways of thinking and doing business, and that these differences directly shaped strategic practice. The contrasting strategies caused dissatisfaction with the other partner's performance in the IJV and, for CHD1, this drove it to change the shareholding structure. Together, the collective narratives suggest the two companies developed strategic practices to meliorate the different ways of doing business and the consequential dissatisfaction rather than confronting these.

6.4.7 The Perception of Decision-making in the IJV Collaboration

The way decision-making was narrated differed in the two companies. NZD1's collective narrative was founded on the belief that the company controlled decision-making in the IJV. At the individual narrative level, Jack claimed, "We owned and operated the company, so we made all the decisions," while Thomas recalled, "[CHD1] tried to influence our decisions, but we didn't allow them to do so." Peter's narrative also supported this belief. In it, he states, "It was pointless talking to them and we made all the decisions."

When the CHD1's collective narrative is examined similarities in how decision-making is framed are evident. This company narrates its relationship to the IJV decision-making as that of oversight and guidance. In Han Lu's individual narrative, he claimed, "We took responsibility for strategic planning and guided them to get the job done." Similarly, Li Gang stated, "If the board couldn't make a decision, they would report to me and I would make the decision." The detailed decision-making practices involved in the IJV's operation and management were seldom addressed, however.

What this comparative collective narrative analysis shows is that both companies positioned themselves as the decision-makers in the IJV collaboration at both board and management levels. Both companies positioned their senior management teams as the ultimate arbitrators in the decision-making processes associated with the operation of the IJV. This finding is significant as it suggests the two partners had contrasting perceptions of decision-making and that these contrasting perceptions produced expectations that generated barriers to communication. This is evidenced by the following claims in individual narratives:

“They didn’t have the ability to make a right decision.” (Jack)

“Their decisions were often wrong.” (Thomas)

“We were responsible for the design of strategic ideas and they did the job.” (Han Lu)

“Their management level was too low, so we took responsibility for decision-making.” (Li Gang)

The question that this finding prompts is whether each company was aware of the way its partner was narrating the IJV.

6.4.8 The Strategies Employed in the IJV Collaboration

When the strategies narrated in the individual narratives were collated in the process of creating the collective narratives, the resulting narratives suggested NZD1’s board members used “pushing,” “convincing,” “ignoring,” and “arguing” as strategies to get agreement from their CHD1 counterparts. Thomas recalled, “When there was a difference of opinion we spent a lot of time convincing them to agree with us.” Jack reported, “At board meetings, we pushed them to argue with us until they agreed with our decisions,” or, “We just ignored their speeches and moved on to the next topic.” If those strategies failed to work, Jack said, “I told them I would visit their CEO if they continued arguing with me.”

CHD1’s board members used strategies of “lecturing,” “advising,” and “instructing,” consistent with the company’s perception that it had more experience and knowledge compared to NZD1 and consistent with CHD1’s board members’ desire to gain the respect and trust of their counterparts. For example, Sun Peng stated, “They were like students who lacked real-life experience, so we had to keep giving them guidance.” This opinion was shared by Han Lu, who stated, “Because they were inexperienced, we felt responsible to teach them from our own experience.” When NZD1’s board members failed to heed such advice, CHD1’s board members modified their strategy. Han Lu explained, “We watched out for them to make a big mistake, so we could take the opportunity to teach them,” and Lan Ping stated, “We compromised a lot on many issues to maintain harmony.” This analysis shows that the collective narratives for both partners portrayed that their strategic practices were aligned with fundamentally different views of their partnership relationship.

The analysis shows that since the IJV was established, neither company was willing to engage with the other, except when absolutely necessary, as this would have required confronting the frustrations caused by these fundamentally different views of the IJV relationship. The consensus evidence was drawn from the process of constructing collective narratives across a range of individual narratives. Peter reported, “It was frustrating when they [CHD1’s key actors] renegotiated with me some issues that have [had] been discussed and included in the contract, so I stopped them whenever they tried to renegotiate with me.” Jack recalled, “Their way of operating the business doesn’t fit with ours, so I don’t listen to them at board meetings and I know they [CHD1’s board directors] are not happy.” Han Lu stated, “They [NZD1] are one of our milk product suppliers, so we more focus [focus more] on the quality of products they deliver,” and “the time and the amount of return from our investment” (Lan Ping). Li Gang concluded, “Their [NZD1’s and MILK’s] managerial and operational issues are none of our business.”

6.4.9 The Main Considered Collaborative Problems and Their Causes

From the perspective of NZD1’s senior managers, the main collaborative problems came from their partner’s “poor understanding of Western ways of doing business” (Jack). This view was also evidenced when Thomas stated, “For us, contracts are standard business practices on which trust is built, but for them it’s not the same.” Peter added another perspective when he stated, “They [CHD1’s key actors] usually liked to buy cheap, low quality ingredients, so they were not our right-fit customer.”

In contrast, CHD1’s senior managers had differing opinions of the main collaborative problems and their causes. Li Gang believed that the main problems were that “their management was disordered and chaotic” and “their key leaders’ *qing shang* [interpersonal skills and capabilities] were poor.” Han Lu expressed a different opinion: “We focused more on people, while their focus was mainly on achieving their business ambitions...our cultures were quite different.” Lan Ping offered yet another opinion on the main collaborative problems: “We didn’t have consistent strategic orientations, as we were focused on the development of infant formula, but they focused more on commercial milk powder.”

All actors agreed that there were problems and frustrations in the collaboration, but none of the actors shared the opinion that their team could have done things better or that their own actions contributed in some way to the problems and frustration experienced in the

collaboration. Similarly, actors from either side did not share any belief that to ensure the smooth progression of the collaboration they could have: (1) taken more time to ensure that their strategic outlooks were well aligned and to agree on the timeframe in which important milestones were to be completed, (2) ensured that the decision-making process, both at board and operational levels, was well agreed and documented; (3) organised face-to-face meetings of the management teams before entering the collaboration to enable a better understanding of each other and each other's differences; and (4) made a concerted effort to improve communication and give more consideration to their partner's needs and expectations. This implies that the failure to consider these issues may have arisen from each side regarding that they were the 'real' owners of the IJV and from the urgency to complete the negotiations for their own different needs.

Table 6.1 (pp. 118–122) provides a summary of each of the themes. All names used in the following table are pseudonyms in order to protect participants' identities.

Table 6.1: A Comparison of the Senior Managers' Narratives

Themes	NZD1	CHD1
<p>The purpose of seeking an IJV collaboration</p>	<p>1. To raise money to enable continued company growth <i>Thomas:</i> To bring us the money that we needed to grow our company</p> <p>2. To gain access to new market opportunities <i>Peter:</i> To create more market opportunities by using our partner's experience and networks</p> <p>3. To expand existing markets <i>Jack:</i> To build partnerships with top-tier international companies that will assist us to develop our existing international markets</p>	<p>1. To find an investment opportunity <i>Lan Ping:</i> To find an investment with a good return</p> <p>2. To access high-quality overseas resources, develop infant formula, and get cheaper milk powder <i>Li Gang:</i> To use efficient high-quality overseas resources to produce dairy products <i>Han Lu:</i> To develop global brands of infant milk powder with the IJV</p> <p>3. To get ahead of competitors <i>Li Gang:</i> We want to become the market leader</p> <p>4. To rebuild market image <i>Li Gang:</i> To use the IJV's reputation to rebuild our market image and regain consumer trust</p>
<p>The approach to an IJV opportunity</p>	<p>1. To propose a joint venture project to attract investors <i>Jack:</i> To propose a joint venture project that would attract international investors <i>Thomas:</i> To launch a merger project and find the right-fit investor</p> <p>2. To commence negotiations to find a suitable partner <i>Jack:</i> To commence IJV negotiations with beneficial prospective partners</p>	<p>1. To direct people to do the job <i>Li Gang:</i> I give the ideas and direct our young people to do the job</p> <p>2. To rely on personal networks <i>Sun Peng:</i> I used my personal networks to seek out opportunities</p> <p>3. To trust in fate <i>Lan Ping:</i> I believed in fate and waited for the opportunity to appear</p>

Themes	NZD1	CHD1
<p>The timing of seeking an IJV opportunity</p>	<p>1. The need for an investment to finance further expansion <i>Thomas:</i> We needed to raise money in order to be able to build a new plant and expand our production line <i>Jack:</i> To raise capital for continued expansion</p> <p>2. The need to increase export sales volumes <i>Peter:</i> We needed to find new market opportunities and increase sales volumes <i>Jack:</i> We needed to expand our export markets</p>	<p>1. The need to rebuild consumer confidence <i>Li Gang:</i> We urgently needed access to quality milk resources in order to regain Chinese consumers' trust after the 2008 Chinese infant formula scandal</p> <p>2. The need to follow Group policy <i>Sun Peng:</i> We needed to act quickly to implement the strategic policy of the Group's leaders</p> <p>3. The need to find a good investment <i>Lan Ping:</i> We suffered severe financial losses as a result of the 2008 milk scandal, so we needed to find a good overseas investment to help recover the losses</p>
<p>The criteria for IJV partner selection</p>	<p>1. To target a top international company <i>Jack:</i> I targeted top-tier international companies, especially those from Singapore or Australia</p> <p>2. To target the Asian Market <i>Peter:</i> An Asian market partner was the ideal choice</p> <p>3. To find a business partner with similar business practices <i>Thomas:</i> It's important to have a common understanding of business operation and practices <i>Peter:</i> Having a mutually beneficial approach was the common ground</p>	<p>1. To find a partner with a good environmental reputation <i>Han Lu:</i> New Zealand is a safe clean country and a good place to invest</p> <p>2. To find trustworthy, well-mannered people <i>Sun Peng:</i> We had a good first impression about their manners and business practices <i>Han Lu:</i> We wanted to find good honest people</p> <p>3. To find a partner with a consistent strategic direction <i>Sun Peng:</i> Their strategic orientation had to be consistent with ours</p>

Themes	NZD1	CHD1
<p>The communication approaches employed in response to the other party's requests during the IJV negotiations</p>	<p>1. To impress the other with our quick responses <i>Thomas:</i> We rapidly changed the business structure to suit their wish to invest in the factory only</p> <p>2. To control the negotiation process <i>Jack:</i> We kept all the candidates away from each other and controlled the information and negotiation process</p> <p>3. To push the other to accept a higher price <i>Jack:</i> We pushed them to accept the price by telling them the other party has already accepted it</p> <p>4. To use contract terms to defend self-interests <i>Jack:</i> We used a shareholders' agreement to constrain their voting power</p> <p>5. To consult third-party experts <i>Jack:</i> We consulted an attorney to cut the number of contract provisions without changing the most important contract terms</p>	<p>1. To impress the other with our quick responses <i>Sun Peng:</i> We responded quickly whenever they posed questions or new discussion issues</p> <p>2. To aid communication by adjusting our style <i>Sun Peng:</i> We made a conscious effort to be direct and open to suit their style</p> <p>3. To anticipate situations <i>Sun Peng:</i> I constantly tried to predict our competitors' negotiation stance by analysis of their questions and discussion issues</p> <p>4. To enable flexibility by following the strategic principle of qiu tong cun yi (seeking common ground and allowing differences) <i>Sun Peng:</i> We focused on common interests and ignored minor differences</p> <p>5. To use shareholders power to defend self-interests <i>Li Gang:</i> We ensured we had a majority shareholding and voting power</p>
<p>The ways of acting in the IJV collaboration</p>	<p>1. To use contracts to defend self interest <i>Peter:</i> We used trading contracts to avoid renegotiations of price and/or other issues</p> <p>2. To control the decision-making in the IJV <i>Thomas:</i> I decided how much infant formula we would produce <i>Peter:</i> I stopped doing business with (CHD1) as I was able to find better customers who were willing to pay higher prices</p> <p>3. To control IJV board decisions</p>	<p>1. To control board decisions from behind the scenes <i>Li Gang:</i> I let young people do the job but I directed their actions about board decisions</p> <p>2. To trust their partner to run the IJV <i>Han Lu:</i> We chose to invest in good people and left them to run the company</p> <p>3. To follow the principle of reciprocity <i>Han Lu:</i> When the IJV first started we gave them a 12-month executive order contract in accordance with their pricing model and hoped to get</p>

Themes	NZD1	CHD1
	<p><i>Jack:</i> We limited their voting power through the shareholders' agreement</p> <p>4. To make little effort to communicate</p> <p><i>Peter:</i> I sent subordinates to discuss issues with them rather than doing so myself</p>	<p>a good return</p>
<p>The perception of decision-making in the IJV collaboration</p>	<p>1. Ownership of the company</p> <p><i>Jack:</i> We owned and operated the company, so we made all the decisions</p> <p>2. The ability to control decision-making</p> <p><i>Thomas:</i> (CHD1) tried to influence our decisions, but we didn't allow them to do so</p> <p><i>Peter:</i> It was pointless talking to them and we made all the decisions</p>	<p>1. The ultimate power to control board decisions</p> <p><i>Li Gang:</i> If the board couldn't make a decision, they would report to me and I would make the decision</p> <p>2. The responsibility for strategic planning</p> <p><i>Sun Peng:</i> We took responsibility for strategic planning and guided them to get the job done</p> <p><i>Han Lu:</i> We were the board directors who took responsibility for making the strategic decisions</p>
<p>The strategies employed in the IJV collaboration</p>	<p>1. To ignore the Chinese board members' speeches</p> <p><i>Jack:</i> We just ignored their speeches and moved on to the next topic</p> <p>2. To keep pushing until they agreed with us</p> <p><i>Jack:</i> At board meetings we pushed them to argue with us until they agreed with our decisions</p> <p>3. To convince the others to agree with our decisions</p> <p><i>Thomas:</i> When we had a difference of opinion we spent a lot of time convincing them to agree with us</p> <p>4. To resolve arguments by using personal relationships</p> <p><i>Jack:</i> I told them I would visit their CEO if they continued arguing with me</p>	<p>1. To impart valuable experience</p> <p><i>Han Lu:</i> Because they were inexperienced we felt responsible to teach them from our own experience</p> <p><i>Sun Peng:</i> They were so young and there was so much they could learn from us</p> <p>2. To remind them to avoid taking risks</p> <p><i>Han Lu:</i> We looked at them like they were our baby, so we often reminded them to avoid taking risks</p> <p><i>Sun Peng:</i> Because of our experience we were much more aware of the dangers so we would point out any upcoming risks</p> <p>3. To repeat instructions</p> <p><i>Sun Peng:</i> They were like students who lacked real-life experience, so we had to keep giving them guidance</p> <p>4. To compromise in order to maintain harmony</p> <p><i>Han Lu:</i> They didn't like us to interfere with their business decisions, so we decided to step back and watch in order to maintain harmony</p>

Themes	NZD1	CHD1
		<p><i>Lan Ping</i>: We hadn't given up on them, so we compromised on many issues</p> <p><i>Li Gang</i>: As long as the production quality was good, we didn't worry too much about the time they took</p> <p>5. To maintain a watching brief <i>Han Lu</i>: We watched out for them to make a big mistake so we could take the opportunity to teach them</p>
<p>The main considered collaborative problems and their causes</p>	<p>1. Non-compatible ways of doing business <i>Jack</i>: They didn't have a deep understanding of Western ways of doing business <i>Thomas</i>: For us, contracts are standard business practices on which trust is built, but for them it's not the same</p> <p>2. Different product criteria <i>Peter</i>: They usually liked to buy cheap, low quality ingredients so they were not our right-fit customer</p>	<p>1. Different approaches to managing the company <i>Li Gang</i>: Their management was disordered and chaotic</p> <p>2. Different organisational cultures <i>Han Lu</i>: We focused more on people, while their focus was mainly on achieving their business ambitions</p> <p>3. Different strategic orientations <i>Lan Ping</i>: We were focused on the development of infant formula but they focused more on commercial milk powder</p> <p>4. Communication problems <i>Han Lu</i>: They didn't like to listen</p> <p>5. Different skills <i>Li Gang</i>: Their key leaders' <i>qing shang</i> (interpersonal skills and capabilities) were poor</p> <p>6. Different business practices <i>Han Lu</i>: We were always focused on reciprocity but they were self-focused <i>Lan Ping</i>: They were slow to take action</p>

Note. The narratives from these 7 senior managers are not verbatim, but rather a reconstruction of narrative data.

In summary, while both partners adjusted their actions strategically to impress the other during negotiations, they had contrasting strategic actions once the IJV collaboration commenced at both the IJV board and organisational levels. These contrasting actions can be organised into four categories: controlling board decision-making, IJV business decision-making, the senior management team's communication, and collaborative actions. Table 6.2 provides a summary of the contrasting actions of each company for these four categories.

Table 6.2: A Summary of Reported Strategy Practices in the IJV Collaboration

Categories	NZD1	CHD1
Controlling board decision-making	<ol style="list-style-type: none"> 1. To use the shareholders' agreement to limit CHD1's voting power 2. To prepare a board paper in which they addressed the prospective discussion issues 3. To lead discussion topics 4. To push the Chinese directors who spoke little English into one-on-one talk situations to stop their argument 5. When the board meeting was called off, CHD1's CEO visited NZD1's CEO who then mediated the impasse and supported the Board to make a decision 	<ol style="list-style-type: none"> 1. After receiving the board paper, board directors conducted a meeting with their CEO who then gave them advice about the important issues they needed to discuss at the board meeting 2. To make speeches giving their advice and showing CHD1's strengths 3. To call off the meeting to stop the Board making a decision
IJV business decision-making	<ol style="list-style-type: none"> 1. To use order contracts to defend self and refuse renegotiating the price 2. To get an agreement with CHD1, to use MANAGEMENT to run the IJV, to be responsible for making all decisions 	<ol style="list-style-type: none"> 1. To choose to let NZD1 run the IJV but watched carefully 2. To spend time at board meetings listening to NZD1's senior manager reports and giving advice
The senior management teams' communication	<ol style="list-style-type: none"> 1. To ask their subordinates to deal with CHD1 people as their intermediate messengers 	<ol style="list-style-type: none"> 1. Not talking to NZD1's senior managers except for board directors and the CEO 2. To appoint to their subordinates to deal with NZD1 people and all daily operational issues
Collaborative actions	<ol style="list-style-type: none"> 1. To include the IJV's strategy planning into that of NZD1 2. To ignore CHD1's strategy planning which was not consistent with theirs 	<ol style="list-style-type: none"> 1. To dilute the influence of the IJV and the co-brands of infant formula in the Chinese market by promoting other new products 2. To use the opportunity when MILK became a listed company to water down their shareholding in MILK from 51% to 39%

Table 6.2 demonstrates that the IJV partners were deliberately involved in competing for control of decision-making, particularly at the board level. It also demonstrates that barriers in communication were experienced at senior management level in the IJV. These emergent findings led me to explore the data further with regard to “how the key actors make sense of collaborative actions or strategy practices” in the following stage of research. These findings are re-presented in Chapter 7.

6.5 Conclusion

The analysis of the composite narratives of the IJV collaboration revealed they were quite different. They varied in terms of the following:

- the purpose of seeking an IJV collaboration,
- the approach to an IJV opportunity,
- the timing of seeking an IJV opportunity,
- the criteria for IJV partner selection,
- the communication approaches employed in response to the other party’s requests in the IJV negotiations,
- the ways of acting in the IJV collaboration,
- the perception of decision-making in the IJV collaboration,
- the strategies employed in the IJV collaboration, and
- the main considered collaborative problems and their causes.

The comparative analysis revealed several interesting findings. First, both companies wanted to seize an IJV opportunity, but they had different strategic purposes for doing so. NZD1 wanted to build a partnership with a top-tier Singaporean or Australian company to grow the company financially and strategically. In contrast, CHD1 wanted to invest in either New Zealand or Australia in order to gain access to high-quality milk resources to develop infant formula, and felt the establishment of an IJV with either of these countries would help (re)build a “safe and quality” market image and enlarge its market share in China.

Second, led by these strategic purposes, both companies sought IJV opportunities. However, their approaches were different. NZD1’s senior managers proposed an IJV project in New Zealand to attract international investors. Once they had targeted candidates, they started negotiating with them in order to choose the right partner. CHD1’s senior managers appeared

to use *Guanxi* (interpersonal relationships and networks) to seek opportunities, believed in “fate,” and followed traditional Chinese philosophical principles to find opportunities.

Third, NZD1 was not initially looking for a Chinese company, while CHD1 considered NZD1 to be its initial target based on its assessment that the New Zealand company had a good vision of future collaboration. Strategically, CHD1’s senior managers waited for the chance for an IJV to arrive, as they always believed that it was CHD1’s destiny to become an IJV partner. An opportunity did arrive as, faced with the uncertainty created by the Australian company leaving the negotiations, NZD1’s senior managers turned to CHD1.

Fourth, both NZD1 and CHD1 had different criteria for choosing an IJV partner. NZD1 was looking for a partner who was willing to work on mutual benefits and had a similar understanding of business practices. CHD1 was looking for a partner who was interested in developing infant formula and had the ability to supply cheap milk powder and ingredients.

Fifth, when both Singaporean and Australian companies left the negotiations with NZD1, NZD1 was faced with either having to forego the opportunity to raise money and build its new plant or choose to establish an IJV with CHD1. NZD1 favoured the latter choice and carefully constructed contract terms to defend its strategic interests, without taking any risks that its interests could be interfered with by CHD1’s key actors in future collaboration. In contrast, CHD1’s key actors wanted to reach a successful conclusion to negotiations within 2 months in order to meet the request of the Chinese Group’s leaders. Therefore, CHD1 focused its attention on getting NZD1 to agree to develop infant formula. As CHD1 wanted to have an open and flexible contract, its key actors did not carefully construct the terms that clearly stated the deadline for the product development and conditions for product supply. The ambiguity evident in the contract terms appeared to cause both companies difficulties in future collaboration.

Sixth, during the period of the IJV start-up, both partner companies’ senior managers reported frustration in dealing with their counterparts, and accounted for this in terms of their contrasting ways of doing business. Specifically, CHD1’s way of disregarding the agreed contract terms frustrated NZD1’s senior management team, while NZD1’s way of disregarding traditional Chinese practices made CHD1’s senior managers feel disappointed, and sometimes annoyed and angry. They accounted for their annoyance in terms of manners,

judging their New Zealand counterparts as not exhibiting appropriate manners. Over time, both companies learned to accommodate each other's ways of operating by using their counterpart's way of doing business, but they expected better results from this accommodation than what they actually achieved.

Seventh, both companies' board members considered themselves to be the decision-makers. The major difference between them was that NZD1 controlled the decision-making process at both the IJV board and daily operational levels by using specific terms in the contract between the companies to limit CHD1's influence, while CHD1 used the authority that existed by virtue of its majority shareholding and *Guanxi* (i.e., interpersonal relationships) to influence the board's decisions, until it lost its majority shareholding following the initial public offering (IPO).

Eighth, although the companies established the IJV following successful negotiations, the senior management teams never sat together to discuss strategies to improve their IJV collaboration and/or solutions to mitigate risks or resolve the trading problems that occurred. The individual narratives (and the composite ones derived from them) suggest individual actors were not keen on listening to each other or trying to understand their counterparts' ways of thinking and doing business.

Finally, the composite narratives show that both partner companies knew that they had collaboration problems, but were less keen on resolving them and improving the poor collaboration that resulted from reluctant communication, lack of understanding of the other, an insecure IJV relationship, lack of trust, and attitudes of superiority and self-belief. The empirical findings provide evidence that the cross-cultural practitioners had different interpretations of the concept, ownership, and collaboration of an IJV. Factors such as local social practices, different cultures, and the employment of communication approaches also influenced their ways of interpreting the IJV. The way that the key players made sense of this lack of motivation to confront and resolve these issues will be presented in Chapter 7. The key actors' accounts of the collective narratives that were addressed in the sensemaking interviews in Stage 3, together with a review of the accounts of sensemaking about strategy practices collected in Stages 1 and 2, will also be presented.

CHAPTER 7: SENSEMAKING ABOUT STRATEGY PRACTICES

7.1 Introduction

The analysis of the sensemaking accounts allowed me to understand how participants made sense of the collective narratives and the discrepancy between the reported strategy practices and their acted practices and to develop links between these. Throughout this chapter, Mill's (2002) account analysis is used to illustrate the sensemaking accounts. The sensemaking accounts reported in this chapter are accounts that reflect the participants' sensemaking about strategy practices when they were asked to answer the "why" questions regarding the collective narratives of the IJV collaboration that were revealed in Stages 1 and 2 in the sensemaking interviews. Examples of such "why" questions are as follows:

- Why do you think your team can achieve a better result if you work alone without collaborating with your counterparts in the IJV collaborative activities?
- Why do you think your counterparts are not willing to commit to the development of the IJV?
- Why do you think your team feels frustration when you have to cooperate with your counterparts to complete the joint task?
- Why do you think your team and your counterparts have difficulty in understanding each other's ways of doing business?

First, key concepts that are adopted to explain the findings are presented and defined. Second, accounts of the first emergent concept, "sensemaking about own performance," are presented, followed by the theoretical model that was developed from the findings: a model showing the sensemaking discrepancy in an IJV collaboration. Third, accounts of the second emergent concept, "sensemaking about others' performance," are presented, followed by the model that was developed from the findings: a model of sensemaking about performance in an IJV collaboration. This shows the what, why, and how related to participants' sensemaking and sensegiving of strategy practices in different situations. The chapter concludes with a summary of the key findings.

7.2 Explanations of Key Concepts

Sensemaking Accounts

Sensemaking accounts refers to "those processes of interpretation and meaning production whereby individuals and groups reflect on and interpret phenomena and produce

intersubjective accounts” (Brown, 2000, p. 3). Analysing sensemaking accounts allows the researcher to understand how actors make sense of the collective narratives related to strategy practices in the IJV through their descriptions of acting.

Performance

Although performance is a central concept in SAP (strategy-as-practice) research, the definitions vary. Sometimes it is treated as “an aggregate firm-level outcome or a dependent / independent variable” (Richard, Devinney, Yip, & Johnson, 2009, p. 719); sometimes it refers to “both input and output of strategy process” (Guérard, Langley, & Seidl, 2013, p. 3); sometimes it is regarded as “financial economic outcomes” influenced by the effects of strategy tools, involving practitioners, and political or organisational strategising episodes (Carter, Clegg, & Kornberger, 2010); sometimes it highlights how managers “perform” their roles; and sometimes it emphasises how strategy, as a social practice, produces “performativity” (Vaara & Whittington, 2012). Performativity is considered as “knowledge developed with regard to its capacity to achieve desired outcomes effectively” (Dey & Steyaert, 2007, p. 441). In this study, *performance* refers to how actors in the IJV perform their roles to maintain or develop IJV collaboration, and this definition allows me to investigate the interaction dynamics, together with the effects of the interplay of sensemaking and SP on IJV collaboration.

7.3 Sensemaking about Strategy Practices

I treated micro-level strategy work in the IJV and the associated sensemaking and/or sensegiving tactics as major themes, paying close attention to accounts of collaborative activities and interactions. When giving accounts of their collaborative work, key actors regularly used “ongoing learning,” “growing experience,” “expected results,” and “historical achievements” to characterise (i.e., make sense of) their own performance, while they used “lack of experience,” “below our expectations,” and “disappointing manners” to describe others’ performance. They appeared to adopt different tactics for sensemaking about their own and others’ behaviours, so I used “sensemaking about own performance” and “sensemaking about others’ performance” as themes to present the key actors’ accounts. Following this, I compared the meaning profiles in order to discover why the sense made of key actors’ own performance differed from the sense made of others’ performance, and how the sensemaking and/or sensegiving about strategic actions influenced collaboration.

7.3.1 Sensemaking about Own Performance

Sensemaking about own performance refers to making sense of one's own performance. There were differences between the accounts of key actors from both companies related to making sense of own performance.

“Sensemaking about Own Performance” in NZD1

NZD1 is a young, rapid growth company, in which the slogan “making new mistakes” has been regularly repeated in the workplace and has become an important part of NZD1's organisational culture, which encourages members to “learn through making new mistakes.” However, this organisational culture has positive and negative effects; it attracts employees who have the ability to cope with a stressful work environment and want to involve themselves in decision-making, but it also creates uncertainty and stress for employees who seek to work in a stable environment and maintain a healthy balance between working life and personal life.

The following interview excerpt from a conversation with NZD1's middle manager (Colin) illustrates that in a complex work environment, sensemaking itself was a strategic action, and the shaping and reshaping of a strategic sensemaking action was tightly influenced by reciprocal interaction coupled with personal expectations.

Me: *Why do you say (NZD1) is taking a huge risk right now?*

Colin: *(NZD1) wants to run fast but hasn't yet built its cultural foundation. It's a huge risk, but I enjoy working for a company that isn't so well organised and where there are lots of things still to be sorted properly.*

Me: *Why is that?*

Colin: *I like to be challenged, and I feel excited when working for a company where the systems, structures, and culture have not yet been fully developed because I like the feeling of being involved in building something.*

“Being smarter than our competitors” became another important espoused part of NZD1's organisational culture. This also created positive and negative effects that impacted on both strategy work and organisational life. This belief in superiority influenced NZD1 to choose what it regarded as “right-fit” customers and business partners, and it gave senior employees a belief that NZD1 was superior when engaging in negotiations. However, it appeared that

once NZD1's team came to regard their way of doing business as being smarter than that of their competitors or partners, their belief in their own superiority influenced their individual sensemaking about actions, and this may have led to problematic and dysfunctional collaboration.

The following interview excerpt from a conversation with a senior manager (Peter) illustrates that individual sensemaking about strategy-making was tightly linked to meso-level (organisational level) strategy practices. In other words, the intersection of micro- and meso-level strategy practices influenced individual sensemaking about strategic actions.

***Me:** Why do you say the (NZD1) way of doing business is to follow a pre-designed strategy of choosing “right-fit” customers?*

***Peter:** The business is now five years old and we have enough experience to know where to target our business and which customers are the right ones for us. We are able to demand a higher price for our milk powder and we target those customers who are prepared to pay that higher price. If customers don't fit this criterion, then we don't want to do business with them.*

***Me:** Why do you say (NZD1) is able to demand a higher price for milk powder?*

***Peter:** We make commodity products, but we are only a small part of the market and only have a certain amount of product that we are able to supply, so we target customers to produce high value products, and thus we are able to demand a higher price. So, we choose whom we want to do business with and the price we are willing to sell at, and we try to ensure before negotiations commence that our expectations are in alignment and that we both understand each other's needs.*

Another senior manager's interview accounts provided evidence that promoting “being smarter than our competitors” as a cultural value had permeated the company's organisational life through storytelling. In turn, this had influenced the way that employees perceived themselves in their work.

***Me:** Why do you say you've built a good story and made employees believe that even though (NZD1) may not be the biggest company in the marketplace, it is still the best?*

Graham: (NZD1) is a relatively new company and hasn't yet fully developed its own culture, so we had to build a good story and use it to make employees believe in the company and improve their own performance.

Me: Why do you say that the using a story can improve employee performance?

Graham: It's all about belief. A good story can often "ring a bell" with people and influence their beliefs about who they are, and reflect the image of the company we wish to portray. For example, our salespeople appreciate (NZD1)'s positive stories and use them to sell our products at higher prices and achieve their sales targets. When a story is effectively developed and helps to produce an expected result, it is not only very valuable, but can also be used as a strategic tool to help build our culture.

The following interview excerpt from a conversation with the CEO (Jack) illustrates that positive self-narration or self-talking acted as a strategic tool, involving elements of deliberate cultural manipulation through storytelling, which can be used to change personal beliefs and improve one's own performance through micro sensemaking and/or sensegiving. The use of narratives in strategy appears to emerge almost accidentally from the organisational culture and over time these become core, embedded sagas, myths, or legends.

Me: Why do you say a good organisational story can lift the company culture?

Jack: Human resources in the New Zealand dairy industry are relatively small. Two-thirds of our employees have come from (NZD3, another New Zealand dairy company), including some senior managers who have brought (NZD3)'s culture into our company. So, I have developed a good story in order to lift our culture in line with my expectations.

Me: How do you bridge the gap between the story and reality?

Jack: I can bridge the gap by improving the quality of our employees. We now have access to overseas people, and I expect to steadily recruit a large number of specialists who can replace any of our employees who lack the necessary skills. That way, the story will become reality.

The following middle manager's interview accounts provide an insight into how storytelling influenced his sensemaking about collaboration within the work context.

Me: Why do you push both your customers and your superiors to agree with your ideas?

Kevin: *There is no win-win situation. When I know I'm right, I just have to keep insisting that I'm right until they agree.*

Me: *So what will you do if your way doesn't work?*

Kevin: *(Jack) likes to make up stories to get people to believe him, but I can tell better stories than him, so that way usually works pretty well.*

“Sensemaking about Own Performance” in CHD1

CHD1 is a long-established company with well-developed systems and a strong hierarchical structure. Although many aspects of local community practices and culture have had a strong influence on CHD1's organisational cultural values, the company also has some unique cultural aspects, such as “learning from senior peers,” “taking action today,” “working hard for wealth,” and “giving by taking.”

The following interview excerpts from a conversation with a middle manager (Zheng Yi) illustrate how aspects of local social practices and organisational cultural values influenced individual interpretations of work environment, which in turn could affect individual sensemaking and sensegiving about performance. His accounts also support the sense that within the innovative, organisational context, risk-avoidance has two levels of meaning: (1) a very low tolerance for suffering heavy financial losses, either as a result of making new mistakes or repeating old ones; and (2) a relatively high tolerance for suffering small financial losses as a result of making new mistakes. Moreover, learning from both personal experience and seniors' communicated experience constitutes “lived experience” and “learned experience,” and the difference is situated in micro-practice.

Me: *Why are you so careful not to make mistakes?*

Zheng Yi: *(CHD1) is a well-established company with over 64 years of history and a solid cultural foundation... (CHD1) has paid a lot for the mistakes made in the past, and built [on] that experience; we have the ability to predict emergent risks. We don't allow ourselves to repeat mistakes.*

Me: *You told me your company is a pioneer with a focus on innovative strategy. How does your company avoid mistakes, especially with its continued innovative development and a growing number of new employees?*

Zheng Yi: *It's a sort of cultural value built through education. On the one hand, we are encouraged and supported to accept the challenge presented by a new task; on the other*

hand, we are reminded to be careful not to cause the company to suffer heavy losses by making a serious mistake.

Me: *How do you deal with this sort of intertwined situation?*

Zheng Yi: *When I'm responsible for a new assignment, I am not very concerned with making a new or small mistake involving the risk of suffering small financial losses... We have a rigorous procedure to finance a project, which involves the financial department checking the risks before any project is implemented. We also have monthly workshops where peers share their important learned experience.*

Me: *What else does your company do to avoid repeating serious mistakes?*

Zheng Yi: *Most of our senior managers and professionals have worked at (CHD1) for over 20 years and have rich experience. They often take responsibility for internal hands-on job training and give guidance to junior members to help them learn how to do their work. Learning from our seniors is a quick way to increase our own experience and avoid repeating the mistakes that were made in the past... Managers at all levels are offered workshop training at least twice a year.*

The following interview excerpt from a conversation with a middle manager (Li Hui) reveals how key actors in CHD1 valued a logical, incremental strategy process, in keeping with many Western companies; however, they appeared more predisposed to implementation activities compared to their NZ counterparts, who paid more attention to an adventurous, innovative strategy process. A logical, incremental strategy process refers to a strategy development process that is both logical and incremental in nature. In such a process, *logical* refers to keeping minds, options, and opportunities open against the unforeseeable future in relation to taking a risk of serious financial losses and/or making a wrong decision of strategic change, while *incremental* refers to the recursive, progressive innovation with a focus on continuously developing organisational culture and practices against the opportunistic actions without firm evidence of investment return. Similarly, an adventurous, innovative strategy process is both adventurous and innovative in nature. In this type of process, *adventurous* refers to a willingness to make a new mistake to develop experience and skills against the conservative and reluctant attitude to change, while *innovative* refers to keeping featured new methods, advancing new technologies, and strategic change against the andante movements; however, with this type of strategy process, such strong ambitions may sometimes lead to opportunistic actions without carefully assessing the situations involved. This suggests that the different work environments of the IJV partners, together with the

variations in their autonomous strategic discourses, may have imposed on the pattern of actions, which in turn may have lead to the emergence of sensemaking discrepancies in understanding the other's ways of doing business which were involved in IJV strategising and collaboration.

Me: *Why does (CHD1) ask its employees to focus on taking actions rather than “zhi shang tan bing” (talking about strategy)?*

Li Hui: *There is no strategy until there is something you can use to achieve the expected results. In other words, if a designed or planned strategy is not useful or helpful in achieving a target, it's just an immature idea that is still waiting to become strategy. We focus on actions because we believe that actions produce pragmatic strategies rather than fanciful ideas.*

Me: *Why do you think that strategies are produced through practice?*

Li Hui: *It's not like a pre-designed process. It is only when you are in a particular situation that your sense will tell you what to do and how to do it. Sometimes you can control the situation and perform well but sometimes you can't, especially when working with others who have different opinions and expectations.*

Me: *Why is it hard to control a situation when working with others who have different expectations?*

Li Hui: *I will give you an example involving infant formula. We had done our market research, built our new sales networks, prepared the sales promotions, and were ready to double our sales volumes during the Chinese New Year, but (NZD1) failed to fully supply the orders we had placed... The reason they gave was that they only purchased milk resources based on their planned production and were not able to procure the additional resources to fulfil our increased orders.*

Me: *Then what happened?*

Li Hui: *Inevitably, we failed to achieve our sales target that year... but that taught us to be cautious about their promises so we don't lose prospective market opportunities again in the future.*

One phenomenon observed during Stage 2 of the research was the attention each partner company paid to taking care of its staff and facilitating the work life of its staff. Valuing people was an established part of the company culture at CHD1 and management focused on providing employees with a comfortable working environment and good benefits. For

example, key actors claimed that their salaries were higher than the industry average, and they were also able to earn bonuses equivalent to 10% or 15% of their annual salary, depending on their performance. In addition, all staff members were offered free work meals at the company cafeteria. This resulted in a happy team of staff and low staff turnover. By comparison, at NZD1, many employees lived in Christchurch, from where there was no viable public transport, and many were faced with driving 50 km each way every day, and in the absence of their employer providing a viable alternative, many chose to use carpooling in order to reduce their petrol and vehicle running costs. Key actors claimed that the inconvenient work location and moderate income levels were some of the causes for dissatisfaction and a high rate of staff turnover.

The following interview excerpt from a conversation with a senior manager (Han Lu) reveals his sense of why CHD1 senior managers were keen on the implementation of KPIs in the IJV and how the failure to achieve the desired results represented one part of a series of events that eventually led to a change in the ownership structure of the IJV. This suggests that his perceived “reality” influenced the formulation of strategic intention, which in turn influences the pattern of actions that emerged and were reshaped during reciprocal interaction.

Me: Why did you ask them to implement the use of KPIs for IJV employees?

Han Lu: We found that their staff team lacked enthusiasm and were very slow sometimes, and we had already developed an incentive system, and it works very well in our company, so we asked NZD1 to implement it in order to encourage their employees to work harder, but when they did we didn't see any improvement.

Me: So what did your company do to improve their performance?

Han Lu: We made a number of suggestions, but they were not interested in listening to us and told us not to interfere, so we gave up involving ourselves in managing their chaos.

Me: What was the result of that?

Han Lu: The eventual outcome was that we pushed them to launch an IJV as a means to raise the additional capital they were asking for because we were not willing to provide more funding only for them to use it to continue doing things that did not form part of our strategic plan.

7.3.2 Comparing the Meaning Profiles of “Sensemaking about Own Performance”

Key actors’ sensemaking accounts about how they performed their roles in the IJV collaboration provide evidence that the unique context of NZD1, where innovative strategising was emphasised, together with a high staff turnover rate, encouraged a work environment that was strongly individualistic and independent. In contrast, the unique context of CHD1, where a combination of innovation and substantial financial loss risk avoidance was emphasised, supported a work environment that was interdependent, collaborative, team-based, and social. This suggests that different work environments, together with the variations in autonomous strategic discourses of the IJV partners, imposed on their patterns of actions. Accordingly, a perceptual or sensemaking discrepancy emerged, leading to a lack of understanding of the other’s ways of doing business involving IJV strategising and collaboration. Table 7.1 provides the different dimensions evident in the two companies’ meaning profiles for “sensemaking about own performance.”

Table 7.1: Meaning Profiles of Sensemaking about Own Performance

Company	Dimensions	Illustration
NZD1	Building own experience through learning and practice	<i>Working in a growing company enabled me to learn different things and continue to build my own experience</i>
	Improving experience through learning from own mistakes	<i>We made a lot of mistakes when trying to get the job done, but we learned a lot and improved our experience through day-by-day practice</i>
	Being proud of “who we are”	<i>We had pride in what we had achieved</i>
	Focusing on strategy formulation practices	<i>We focused on the vision of where we wanted to position ourselves</i>
	Using a good story as a strategic tool to increase sales	<i>We developed a good story in line with our expectations of better sales and higher prices</i>
	Using narrative as a strategic tool to build company culture	<i>We didn’t have a solid cultural foundation, but we used good stories as a tool to make people believe in our company, which in turn helped to lift our company culture</i>
CHD1	Growing own experience by learning from our seniors	<i>Learning from our seniors was a quick way to increase our own experience and avoid repeating the mistakes that had been made in the past</i>
	Transferring learned experience to lived experience through practice	<i>We also learned through practice, and thus the taught experience became our own experience</i>
	Feeling proud to be a part of the company	<i>Our rich history represented a precious cultural asset and we all felt proud to be a part of the company</i>
	Senior managers paid attention to formulating strategy	<i>We focused on the strategies required to achieve the expected results rather than on the details of the step-by-step progress</i>
	Middle managers engaged in implementation activities	<i>We implemented the strategic ideas formulated by our senior executives as well as developing them</i>

Company	Dimensions	Illustration
		<i>through practice</i>
	Studying and following the Group's new policies	<i>We kept our strategic orientations in line with that of the Group</i>

Table 7.1 demonstrates the different ways that the IJV partners interpreted “own performance,” and reveals that sensemaking discrepancies existed in the IJV collaboration. The first point of difference is “sensemaking about learning.” In NZD1, self-motivated learning through making new mistakes was a narrative in strategy, which in turn encouraged a work environment that was strongly individualistic and independent. Within the unique context, employees learned and developed habitus, such as “little commitment to taking responsibility” (Colin), “preferring to work alone rather than work with others” (Joy), and “unwillingness to help each other” (Joy). Accordingly, a high staff turnover occurred, but this was neglected by senior managers who may have become accustomed to this phenomenon. In CHD1, “learning from seniors” was regarded as an important cultural value and used as an important approach in the education of employees, and in particular, inexperienced juniors learned to respect their seniors who taught by sharing their hands-on experience and the mistakes they had made in the past. In addition, “learning from seniors” allowed their less experienced colleagues to avoid making serious mistakes and causing substantial financial losses. Within the unique work environment, employees learned and developed habitus such as “respect[ing] and trust[ing] our seniors” (Li Hui), “value[ing] teamwork and collaboration” (Zheng Yi), and “being cautious of making serious mistakes or repeating old mistakes” (Han Lu). Accordingly, many employees worked in CHD1 until they retired.

According to these perspectives, the different habitus of IJV partners can cause barriers to communication, especially when senior managers lack initiative to share openly with each other on account of their intention to only share information with their counterparts that they think is necessary. Therefore, sensemaking discrepancies emerged, caused by variations in habitus coupled with barriers in communication, and this appears to adversely impact IJV collaboration.

The second point of difference is “sensemaking about experience.” In NZD1, senior managers were offered the opportunity to attend off-site training courses, whereas middle managers and non-managerial staff members had little chance to get regular hands-on job training or workshops. Most employees had to learn how to do their job through self-training,

by making or repeating mistakes over time. This is evidenced by the following statements: “I’ve worked here for two years but I’m still struggling to handle the numerous new things that seem to occur every day... I’ve asked for proper training many times... but no response...” (Ruth), “We’ve wasted huge amounts of money in product processing... because nobody knows how to do the job properly and they seem to keep making the same mistakes every day” (Kevin), “It’s easy to make mistakes but very difficult to fix the problems caused as a result of the mistakes... I am still learning ...” (Joy), and “When the company was established, nobody had experience in the areas of production or selling in international markets ... we all learned by doing...” (Jack). Within this working environment, individual experience was gained based on self-training and developed in a process of making and/or repeating mistakes. Accordingly, individual members preferred to “work alone rather than work with others” (Joy). In this respect, gaining experience through learning from self rather than from others was supported in the context that routinised procedures, rules, and practices had not yet become well-established.

In CHD1, where routinised procedures, rules, and practices had long been well-established, all staff members were offered the opportunity to attend ongoing hands-on training sessions and managerial training courses at the internal training centre established by CHD1. In addition, managers were required to attend monthly work experience workshops where they shared their learned experience resulting from the implementation of new policies and strategic ideas. In this working environment, employees grew to appreciate the value of communal sharing of learned work experience with both their seniors and their peers. In turn, the accumulation of learned experience enabled them to “be cautious of making the same or similar mistakes at work” (Zheng Yi), especially those mistakes that meant “risking the company [*sic*] to suffer substantial financial losses” (Han Lu).

This comparison shows that whereas NZD1 employees appeared to have accumulated lived experience through accidental self-training, involving a circular process of making new and/or repeating old mistakes, their CHD1 counterparts appeared to have accumulated lived experience through deliberate job training and a progressive process of learning from others’ experience as well as through learning by doing. As a result, sensemaking discrepancies between the IJV partners can emerge caused by variations in identification of experience, coupled with a different approach to gaining experience in the IJV.

The third point of difference is “sensemaking about strategising.” In NZD1, storytelling was used as a strategic tool to “lift our company culture” (Graham) and on which employees “built a good story about the company to sell our products at a better price” (Thomas). Narratives of “being proud of who we are” (Thomas), “believing in the excellence of our product” (Jack), and “being smarter than our competitors” (Peter) were regarded as important cultural values, and through the use of narratives in strategy (e.g., storytelling) employees were educated to believe in the company and to feel a sense of pride about growing with the company. Because NZD1 differentiated itself from its peers by having a focus on innovation and expansion, it appears that strategy formulation practices became central in their strategising. Given this context, the senior management team, along with some third-party professionals, was requested to attend strategic meetings to discuss and formulate strategies for current activities and the next 10 years. Many senior managers claimed, “Spending about 15 hours per week at meetings caused us huge time pressure to get our work done.”

In CHD1, strategising displayed a number of features in common with many other state-owned Chinese enterprises: Senior managers were responsible for strategic planning but paid little attention to the detailed implementation procedures, while middle managers were responsible for implementing the strategies as well as developing strategies in practice. In the unique context of CHD1, strategising involved both strategy formulation practices and strategy implementation practice. According to these perspectives, the ways of doing strategy work were different between the IJV partners, which in turn caused sensemaking discrepancies in understanding each other’s strategising.

The fourth point of difference is related to the perception of “barriers to communication” in the IJV collaboration. According to the NZD1 key actors’ narratives, most senior managers felt it was easy to guess their counterparts’ meanings during meetings by observing their body language, and in combination with the use of an interpreter, language didn’t cause them any communication problems. Jack (a senior executive) described his experience:

“The Chinese people have very rich body language and are not good at hiding their emotions, so I can easily read their body language and guess their meanings when they talk to each other in Chinese. I also ask my interpreter to quietly make notes for me about their group conversations.”

Thomas claimed, “I don’t see any communication problem, as we have an interpreter sitting in the middle.” However, most middle managers, including those who were ethnic Chinese, claimed that they often experienced difficulty or felt frustrated when communicating with their counterparts, especially in situations which placed them between their senior managers and their IJV counterparts and in which they were expected to negotiate and get an agreement on how to formulate and implement contracts or resolve trading problems. Jenifer (an ethnic Chinese middle manager at NZD1) explained,

“They often complain about me delaying replies but they do the same; I often have to wait for about a week until I get their reply.”

Joy (also an ethnic Chinese middle manager at NZD1) added,

“I’m Chinese but I don’t understand them... Communication is not about whether or not we can understand or talk in each other’s language, but it’s actually about how we listen and how we talk.”

According to the narratives of CHD1’s senior and middle managers, they had communication problems with their counterparts because “(NZD1) people, particularly their senior executives and senior managers, have a problem with listening to and trusting people” (Han Lu, a senior manager). Li Hui (a middle manager) talked about her experience in dealing with Thomas (a senior manager at NZD1):

“When our product was damaged during shipment, I emailed him many times as well as forwarding copies to the other middle managers responsible for the IJV, but I never received any reply. When I called Jenifer, the Chinese girl, she always found excuses to shirk responsibility... it has been three years and we still haven’t got the problem resolved.”

According to these perspectives, the adoption of hierarchical communication in an IJV, as well as misalignment of expected performance and outcomes, appeared to become barriers to communication, which in turn caused a sensemaking discrepancy to occur in the IJV collaboration.

The fifth point of difference is “habitus.” In NZD1, the average age of the senior managers was in the early 40s, while for the middle managers it was in the early 30s. Other than the sales team responsible for the Chinese market, who were mainly ethnic Chinese, the majority of staff members came from either New Zealand or other Western countries such as Australia, Canada, America, and some Western European countries. In addition, a substantial number of staff members came from another large, well-established New Zealand dairy company (here called NZD3), as advised by Mary (a senior manager):

“The majority of our staff members, including most senior managers, came from (NZD3)...They work here but still follow NZD3 cultures, procedures, and routines, and that seems to make it difficult for us to build our own (NZD1) culture...So, everyone just follows their own habits at work, and that seems to cause a lot of arguments about who is right and which way we should do things.”

Graham (a senior manager) pointed out,

“(NZD1) is young and has a multi-cultural staff team with a high rate of staff turnover. I don’t see a lot of co-operation between people, teams, or departments, and this has become a kind of habit which permeates throughout (NZD1) and it worries me.”

By contrast, Huan Lu, a senior manager, explained,

“(CHD1) is not just a company but more like a family because most staff members work here for their entire working life after they graduate from college ... We see each other like family members, helping each other both at work and in our private lives. It’s all part of our culture and influences both the way we behave and do business with other people.”

Zheng Yi (a middle manager) claimed, “We appreciate the opportunity to work at CHD1 because of the good work environment, good income, and the good people here; we have a sense of belonging, which motivates us to work harder and produce good outcomes.”

According to these perspectives, it appears that habitus refers to a person’s own habitual behaviours tightly linked to life experience, skills, and dispositions, as well as to possessing a “belonging to” feature. When one’s habitus is formed, it is not normally reshaped quickly, but can change over time, along with interactions of work environments, business practices (e.g., rules and procedures), and organisational cultures. So, habitus has the features of “belonging to” and a strong resistance to change. According to key actors’ narratives, clear difference in habitus existed between the IJV partners, coupled with variations in their work environments, cultures, and business practices. These differences appear likely to cause sensemaking discrepancies in understanding each other’s behaviours when expressing opinions, sharing experiences, showing attention, and offering or responding to contracts or promises.

The phenomena that occurred in the IJV collaboration reveal that a sensemaking discrepancy occurs as a consequence of complex contexts of the IJV partner companies, actors, and strategising. Based on my interpretation of case study data resources, and in keeping with SP advice to construct summative, exploratory graphical devices rather than positivist models (Sandberg & Tsoukas, 2011), I developed a conceptual model depicting this sensemaking discrepancy, and demonstrating the interactive relationships amongst attributes. This model of sensemaking discrepancy in IJV collaboration is shown in Figure 7.1 below. It demonstrates the interactive relationships amongst the attributes.

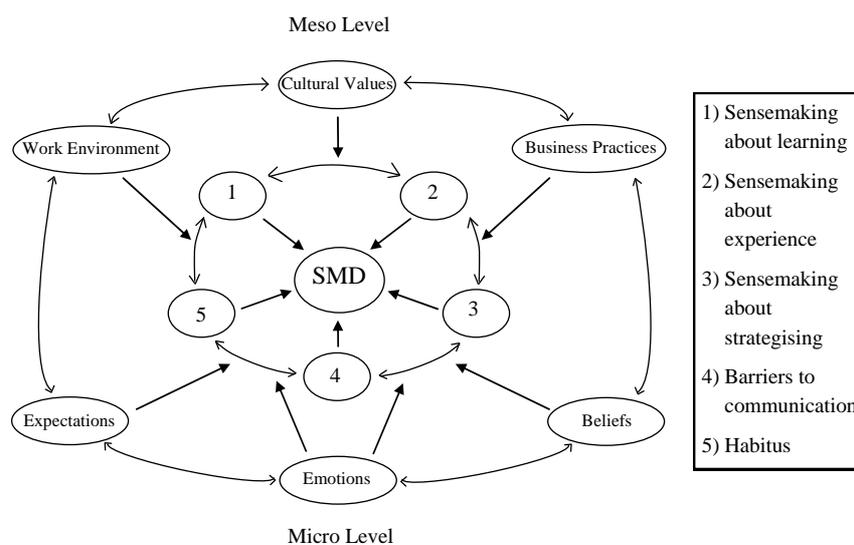


Figure 7.1: A Model Showing the Sensemaking Discrepancy in an IJV collaboration

In Figure 7.1, the sensemaking discrepancy (SMD) is central, and it is surrounded by primary and peripheral levels of interactive attributes. The primary level consists of five attributes: “sensemaking about learning,” “sensemaking about experience,” “sensemaking about strategising,” “barriers to communication,” and “habitus”. The individual attributes have substantive individual effects (shown by a single direction arrow “→”) on the generation of the SMD. In addition, the attributes also interact with other attributes (shown by “↔”), thereby changing or influencing the degree and/or style of each attribute’s effect on the SMD. These five individual attributes and their interactions are embedded in micro-strategising and meso-strategising levels as well as being influenced by other attributes in micro- and meso-levels. The peripheral level attributes consist of “work environment,” “cultural values,” “business practices,” “beliefs,” “emotions,” and “expectations.” Their reciprocal interactions with the primary attributes (shown by “→”), either individual or in interaction with other peripheral attribute(s) (shown by “↔”), may change or influence the degree and/or style of each of the primary attributes’ individual or interacted effects on the SMD. In other words, the primary attributes, and combinations thereof, can substantively impact on a SMD, and the peripheral attributes, and combinations thereof, can influence any individual primary attributes or interacted primary attributes, and thereby impact indirectly on an emergent SMD. However, each of the peripheral attributes has a relatively strong power of resistance to changes of its status, and thus any change is likely to take a certain period of time. Accordingly, over time, there may be more or less of a possible impact of peripheral attributes on the SMD.

In the early stages of IJV collaboration, the formation of the SMD appears to be fluid and easily influenced by the interplay of these 11 attributes; without actions to address the influential causes of its formation, it is likely to grow and become embedded as a barrier in the IJV collaboration. The longer that the influential attributes retain their influence, the harder it will become to repair or overcome the SMD, which causes collaborative problems such as misunderstanding, miscommunication, and distrust, subsequently leading to disjointed collaboration.

7.3.3 Sensemaking about Others’ Performance

“Sensemaking about others’ performance” means that in reciprocal interaction, participants interpret, judge, and respond to others’ performance and outcomes. Accounts from NZD1’s

and CHD1's key actors related to "sensemaking about others' performance" displayed similar characteristics, that is, their sense made of others' performance was tightly linked to performance outcomes, coupled with personal expectations, lived experience, and emotions. The difference between the two companies is that CHD1's key actors' judgement of others' performance was strongly influenced by personal perception of relationships (e.g., an ordinary business relationship, a friend-like relationship with benefits, a family-type friendship), while NZD1's key actors' judgement was influenced by the expected results involving both personal and organisational expectations and their anticipated self-focused benefits. These differences provide an insight into the relationship between sensemaking and culturally and socially constituted habitus, revealing that sensemaking itself is an action, but it is situated in and influenced by an intertwined linkage amongst macro-, meso-, and micro-levels (institutional, organisational, and individual, respectively) of attributes, such as geo-social cultural values, institutional policies, organisational cultural values, business policies, rules, ethics, and beliefs.

"Sensemaking about Others' Performance" in NZD1

The observed phenomena were that although NZD1 was much smaller than CHD1, from the point of view of the size of the business and its financial resources, NZD1's key actors considered that their position was much stronger than that of CHD1, and this belief appeared to be founded in NZD1's market image, local milk resources, and product technology. To ensure that CHD1, as the majority shareholder of MILK (the IJV), could not interfere with operational and managerial decisions made by MANAGEMENT (a subsidiary wholly owned by NZD1), and to defend its own interests, NZD1's key actors used contracts as strategic tools. In addition, they withheld information and narrowed communication channels to reduce the possibility of their IJV partner interfering. It appears that CHD1's performance was perceived as one of "interference." Accordingly, the central theme of NZD1's senior managers' strategy practices in the IJV collaboration became "resistance to interference."

The following interview excerpt from a conversation with a senior executive (Jack) illustrates that NZD1's key actors used "pushing" as a strategic tool to lead CHD1's key actors to agree with their standpoint, rather than trying to find a negotiated solution to improve mutual understanding in the IJV collaboration whenever a disagreement occurred.

Me: *Why do you say you have to keep pushing them to get an agreement?*

Jack: *The (CHD1) people are very naïve. They don't have a deep understanding of how documents work, but in our company, documents matter and are central to doing business.*

Me: *Why do you need to push them just because they don't have a good understanding of how documents work in your company?*

Jack: *They only focus on the Chinese market and want us to become their overseas resources supplier, but it's not what we want. We want to develop our company in the international market, so we've kept arguing about this issue since we established MILK... At the end we just ignore them and do what's good for us. If they disagree with what we are doing or plan to do, we send it to the board for them to make a decision, and there we just push them until they agree with us.*

Me: *How do you push them?*

Jack: *At board meetings we keep arguing with them and ask them to convince us if they don't agree with us. Whenever we do that they stop talking, and then we make all the decisions.*

Me: *Why don't you try to talk to them and find a solution?*

Jack: *They are an international company but don't have any idea of how to run a business in the international market, so I just tell them what we want to do and keep pushing them until they agree with us.*

Another senior manager's account provided evidence that the NZD1 actors involved in the IJV held a strong belief in their own abilities, technologies, and market standing, but regarded their Chinese counterparts' abilities as being inferior to their own, and thus "pushed" CHD1 to accept their strategies, rather than engage in mutual sharing of knowledge in the international marketplace.

"The quality of their employees and their overall level of product technology is much lower than we expected, so I don't think there is anything we can learn from them. Also, their way of doing business is different to ours... They always try to renegotiate to get lower prices even though they've already signed a contract... So, we just ignore their request and tell them what the deal is... they have no choice other than to take the deal at our price because we are their only supplier of infant formula." (Thomas)

Actors' accounts also revealed that they appear to have made little effort to improve the daily operation of the IJV and contribute to the collaboration. The following middle manager's interview excerpts provide an example to demonstrate how NZD1's middle managers

performed their roles in the IJV and illustrate how they interpreted “the IJV collaboration,” the roles they and their senior managers performed in the IJV, and their counterparts’ role-play and performance in the IJV collaboration.

Me: Why do you say that (CHD1) didn’t provide you with enough information when they placed their orders?

Jenifer: They only give me very basic information such as the shipment date and the quantity.

Me: Then what happened?

Jenifer: I asked our warehouse to organise the shipment, but when it was ready and I asked them to complete the deposit, they suddenly wanted to change the packaging size and quantity.

Me: Why didn’t you confirm all the information with them first, before you arranged the production?

Jenifer: I didn’t expect them to do that because we had a contract... I talked to my manager who asked me to take responsibility for negotiating with them, but insisted that I shouldn’t change the contract terms... I felt frustrated because I was expected to stand in the middle... Because neither of them were willing to compromise, this order took about four months to complete, and then (CHD1) complained that we delayed filling their order and ruined their Chinese New Year product promotion.

The above interview excerpt also suggests that poor information exchange coupled with a barrier to hierarchical communication between the senior management teams not only caused middle managers and first-line employees stress when trying to get their work done on schedule, but also caused the process to become inefficient because they were forced to spend extra time repeating tasks, chasing answers or replies from their senior managers and their counterparts, passing messages on to their senior managers and their counterparts, and negotiating solutions with both their senior managers and counterparts in order to be able to fulfil the orders as expected.

The following interview excerpt from a conversation with a middle manager (Kevin) provides insight into a strategy that NZD1 used in the IJV collaboration, that is, controlling information to avoid interference. The reason behind the strategising appeared to result from actors’ conflicting perceptions of hierarchy, which influenced their sense made of actions.

Me: Why do you say the senior managers prefer not to give information to (CHD1)?

Kevin: They use it as a strategy to keep their distance from (CHD1), because they don't want the (CHD1) managers to get involved in or interfere with their decisions.

Me: What do you think the reasons are for that?

Kevin: The (CHD1) managers seem to think their company is bigger and better than ours, and thus they believe that their management team is somehow superior to ours, but our senior managers don't see it that way. This seems to have led to poor communication between the companies and complaints from both sides about the other's poor contribution and performance ... Since I've worked here, they've never sat down together and tried to find a solution to smoothen the trading process and get things working more efficiently.

“Sensemaking about Others’ Performance” in CHD1

CHD1's key actors considered MILK to be their overseas subsidiary, rather than a strategic alliance. They saw the problems developing in the collaboration but chose to “sit back and watch” rather than “take actions” to solve them. They expressed this as being their strategy to maintain harmony, and they expected that this would generate good returns for them from the IJV. However, because “reality” did not line up with their expectations, they claimed that their partner had poor overall work standards and inferior management skills resulting in poor IJV performance.

The following interview excerpt from a conversation with a senior executive (Li Gang) reveals that CHD1's key actors regarded MILK as a factory run by NZD1, rather than an IJV jointly owned by CHD1 and NZD1. It appears that, as a result of this perception, the relationship between the two partner companies was treated as an ordinary business trading relationship rather than as an IJV partnership in pursuit of developing the international market and with a focus on mutual benefits and strategic alliance. However, CHD1's senior managers did not appear to self-reflect and ask if CHD1, as the majority shareholder, could in some way be responsible for this; instead, they complained about the poor performance of their counterparts. This suggests that individuals habitually judge others' performance based on their own expectations, and that when in a collaboration individuals are inclined to habitually blame others' poor contribution, rather than consider the reasons and look at their own performance, when outcomes are not in line with their expectations.

Me: (NZD1) is the parent company and (MILK) is the IJV, so why do you often refer to (NZD1) instead of (MILK) when you talk about the IJV?

Li Gang: I don't see the difference. Actually, we were fooled into signing their contracts, allowing them to manipulate the IJV and now we have many problems... (MILK) is the IJV but doesn't have its own business structure, management team, and employees, which means it is still a factory of (NZD1).

Me: What did you do to resolve it and improve the IJV performance?

Li Gang: From the beginning of the collaboration, they just looked down on us, did what they wanted and often didn't even listen to us, so we took their senior executives on a tour of our company and showed them our advantages; after that, they started to listen a little more and the relationship seemed to get better.

Me: What is your view of the IJV's future?

Li Gang: I am only concerned about product quality and whether or not they can deliver on time. Others things are none of my business. As long as there is no problem with the product quality, we won't give up on them; otherwise, we can always choose to either sell our shares or use our authority in the IJV to change the CEO.

The following interview excerpt from a conversation with a senior manager (Han Lu) provides evidence that CHD1's key actors believed that their IJV partner had issues concerning communication and trust, and that this had been a major contributing factor of the collaborative problems. It appears that during the 3 years of collaboration, neither side attempted to seek out the root causes of the collaborative problems and take action to try to resolve them; instead, they blamed each other's poor performance. This suggests that when an individual makes sense of others' performance, the individual's judgment may rely on a combination of self-prospective experience and lived experience. *Self-prospective experience* refers to the imagined experience gained through self-positive narratives that have not yet been transferred to lived experience through practice.

According to this perspective, in a situation where actors build mythical experience, derived from either micro-strategising through positive self-narration and/or meso-strategising through organisational storytelling, they are likely to create an outcome according to their mythical experience. When they then compare their own prospective performance with their perceived performance of others who actually do the job, the SMD in others' performance emerges.

Me: *Why do you say you and (Jack) have a communication problem?*

Han Lu: *When I tried to talk to him about how we should develop our strategy, either at board meetings or when we had a private dinner together, he didn't want to listen. I also found that if I tried to get close to him, he would suddenly become indifferent and keep his distance. I think he has a problem with regard to listening to and trusting people.*

Me: *How did you cope with that?*

Han Lu: *I asked him if he still wanted us to be a shareholder and his answer was that he still wanted us to sit at the board but he didn't want us to interfere with their work or decisions. Now we just keep the peace and stay back watching and waiting for him to make a big mistake, so we can teach him a lesson.*

The following conversation with a middle manager (Li Wen) provides evidence that sensemaking about others' performance is influenced by aspects of personal beliefs, emotions, and interpersonal relationships.

Me: *Why don't you call the (NZD1) marketing manager and ask for his help to get the latest product information?*

Li Wen: *He's a newly recruited manager and I've never met him, but I've heard that he doesn't have a good understanding of our products or the Chinese market.*

Me: *What did you do to try to get the information?*

Li Wen: *I emailed him once and asked him to send the product information but he refused. His reasons were very confusing. I don't think he wants to help, and I also don't want to waste my time on him again.*

Me: *Then what happened?*

Li Wen: *Finally, I had to pay our agency to get the information I wanted about their New Zealand farms.*

Another middle manager's (Li Yan) account provides further insights into the interplay of sensemaking about own performance and sensemaking about others' performance and the effects on the IJV collaboration.

"I thought of us like a family who should try to help each other, but they don't seem to think that way. They are much more focused on money rather than the relationship. Unless they need something from us, it's like we don't even exist in their eyes. In the

last three years we did a lot to show our support, but when we needed their help to supply a small amount of milk powder for our internal production, they wouldn't help us. It was disappointing. Since that happened, we have lowered our expectations about their performance.” (Li Yan)

7.3.4 Comparing the Meaning Profiles of “Sensemaking about Others’ Performance”

Key actors’ accounts about how their counterparts performed their roles in the IJV collaboration provide evidence that reciprocal interaction is an important attribute which influences how an individual makes sense of others’ performance. In other words, when participants from the partner companies involved themselves in collaborative activities to implement their assignment, interaction dynamics substantively imposed on patterns of action, and an emergent discrepancy in their sensemaking about others’ performance occurred. Table 7.2 provides the different dimensions evident in the two companies’ meaning profiles for “sensemaking about others’ performance.”

Table 7.2: Meaning Profiles of Sensemaking about Others’ Performance

Company	Dimension	Illustration
NZD1	Misalignment in ability	<i>They neither have the ability to run the business nor the understanding of how business works in the international market, so we make all the decisions.</i>
	Misalignment in strategy development	<i>They want us to become their cheap resource suppliers, but we want to sell our products at a higher price, so infant milk powder is the only business we transact with them now.</i>
	Naïve behaviour	<i>The Chinese board directors like to lecture us at board meetings but we ignore their speeches and they then show their anger, which is very childish.</i>
	Naïve way of thinking and doing business	<i>They think they have the majority of the Chinese dairy market, and they naïvely think they can easily double or triple their annual sales, but they don't have the ability.</i>
CHD1	Misalignment in organisational cultures	<i>Our culture is about people, harmony, and developing trusting relationships with our customers and partners, but they focus on money and achieving their own ambitions.</i>
	Egotistical behaviours	<i>They think they are better than us in all aspects, and thus they don't like to listen to us even though we have shown our willingness to help them.</i>
	Superior attitudes	<i>They look down on us and they like to complain that our senior managers don't speak English and are not committed to the development of the IJV.</i>
	A problem with trusting people	<i>Due to the distance, we don't involve ourselves in the daily management of the IJV, and we trust them to do the job, but they give us very little information and keep their distance from us. I think he has a problem with regard to listening to and trusting people.</i>

Table 7.2 demonstrates that clear differences that were identified in the way that key actors approached defining their sense made of others' performance, which was based on own prospective performance, expected performance of others, and perceived performance of others. *Own prospective performance* refers to an imagined performance coming from a positive self-narration process, tightly linked to mythical experience of actors performing a task or role themselves, in line with their imagined, elevated outcomes. *Mythical experience* refers to self-taught experience derived from a deliberate narration process involving either positive self-narration or organisational storytelling. *Expected performance of others* refers to performance that actors anticipate of the others who will actually perform a task or role, in line with expectations that are closely linked to their lived and mythical experience. *Perceived performance of others* refers to an actor's interpretation of others' actual performance in reciprocal interaction. In this respect, the relationship between mythical and lived experience is dynamic, and their interaction imposes on a shape and reshape of experience. However, a gap between mythical and lived experience always exists, and this also becomes a force driving a change of experience. Not only is an actor's sensemaking about own performance tightly linked to the actor's experience, but it also likely uses an actor's own experience to judge others' performance. Likely, an actor's own prospective performance appears to become the actor's own criterion used to judge or value others' performance, and the judgement of others' performance outcomes is likely based on the actor's own expectations. However, involvement of collaboration focused interaction (CFI) plays a key role in changing one's own perception or sensemaking about others' performance. In other words, the more engagement in CFI, the less of a SMD there is between own prospective performance and perceived performance.

NZD1's actors identified "misalignment" and "naivety" as the important features of their counterparts' performance, while CHD1's actors identified "misalignment," "ego," "superior attitude," and "distrust" as the important features of their counterparts' performance. Although misalignment was the common feature identified by the partners, it had different meanings for each partner. For NZD1's actors, the perception of misalignment was closely related to aspects of business strength and competitive abilities, strategic orientations, and boardroom manners, while for CHD1's actors, it was more related to aspects of organisational culture, social behaviour, attitudes, trust, and relationships. Moreover, there were two contrasting patterns of action identified by the partners: NZD1 key actors' perceptions of CHD1 actors displaying "naïve behaviours" in boardroom and business

practices contrasted with CHD1 key actors' perception that NZD1 actors often "looked down on" them and displayed their "ego," "superiority," and "distrusting" attitudes. This reveals that sensemaking about others' performance is a flow of sensemaking actions during which a constant change between sensemaking about own prospective performance and sensemaking about expected performance of others occurs over time, and that in turn impacts on sensemaking about others' performance in collaboration. Figure 7.2 provides a model of the sensemaking about performance in an IJV collaboration, demonstrating a flow of sensemaking actions situated in the complex context of an IJV collaboration and the impact of the interplay of sensemaking about own prospective performance and sensemaking about others' performance on maintaining and developing the IJV collaboration over time.

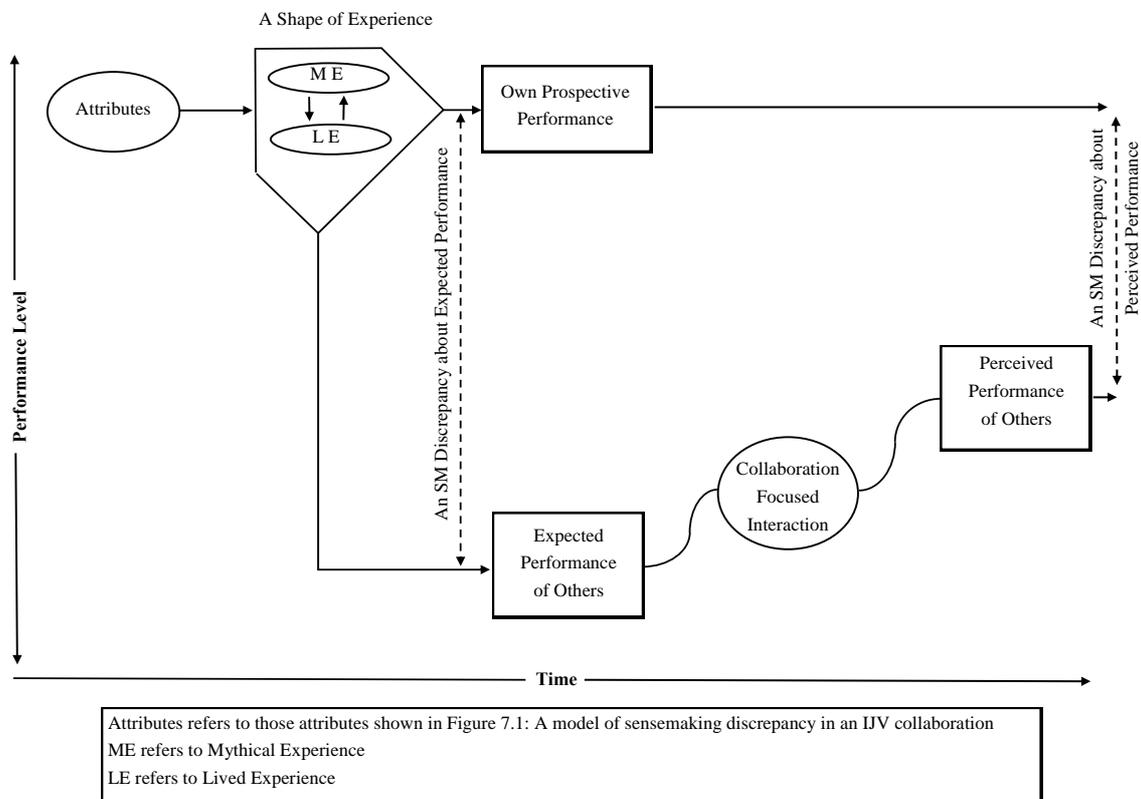


Figure 7.2: A Model of Sensemaking about Performance in an IJV Collaboration

The attributes in Figure 7.2 refer to the primary and peripheral level attributes shown in Figure 7.1 which have substantive influential power to generate a sensemaking discrepancy (SMD) in IJV collaboration. The interaction of attributes plays an important role in driving actors in an IJV to keep learning through pragmatic practice or positive self-narration, and thus a shape of experience constantly changes along with a transformation between mythical and lived experience. In the context of a start-up IJV collaboration, actors are more likely to

set up their own prospective performance as their criterion to measure or value others' performance, especially when there is misalignment of cultural values, business practices, and habitus between the IJV partners. Accordingly, a SMD between one's own prospective performance and the performance expected of others occurs. As explained earlier, own prospective performance is tightly linked to an individual actor's mythical experience. The judgement of others' performance, including others' expected performance and the perception of others' performance outcomes, is built upon this mythical experience and will appear to be lower than an actor's self-imagined performance outcomes. If, during collaboration focused interaction (CFI), actors learn to appreciate each others' cultural values, practices, habitus, and professional ethics, the level of one's expected performance of others can change in relation to one's own prospective performance. Furthermore, if during CFI, actors improve their mutual understanding of each other based upon mutual learning, knowledge sharing, building trusting partnerships and/or friendships, and developing aligned strategy practices, then the level of others' perceived performance in relation to their expected performance can also improve and narrow the discrepancy even further. This suggests that CFI plays an important role in influencing how actors make sense of others' performance, and this demonstrates the effects of a flow of sensemaking actions in an IJV collaboration.

Sensemaking about performance refers to a flow of sensemaking actions involving two interactive attributes: sensemaking about own performance and sensemaking about others' performance. This means that any change of the two attributes can lead to the reshaping of sensemaking actions; accordingly, a change of sensemaking about performance occurs along with CFI. In the case of this particular start-up Sino-NZ IJV collaboration, the IJV partners had a lesser understanding of each other, including a lesser understanding of the ways of thinking and conducting business, the processes of formulating strategy practices and implementing strategies, coupled with different cultures, work environments, business practices, and habitus. This suggests that when assessing the performance of others during the start-up of an IJV collaboration, a gap often exists between the perceived outcomes of others' performance and an actor's own prospective results. Accordingly, perception or evaluation of one's own performance is likely to be considered as being superior to that of others' performance in a collaboration, and thus a discrepancy between sensemaking about own performance and sensemaking about others' performance can occur to varying degrees, depending on the extent of CFI. In turn, any changes to the two attributes can substantively

influence the shape of sensemaking about performance in the context of an IJV collaboration. However, at the mature stage of an IJV collaboration, or in a situation where the IJV partners have engaged in developing collective sensemaking about strategising through mutual learning and communication, an actor's perception of others' performance in relation to his or her prospective performance outcomes will likely be elevated. Thus, the discrepancy between sensemaking about one's own prospective performance and one's perceived performance of others can be reduced.

This emergent model contributes to answering the following two research questions:

- How do key internal stakeholders in a particular Sino-NZ context make sense of and give sense to strategic actions related to the development and maintenance of an international business collaboration?
- How does this sensemaking and/or sensegiving influence international business collaboration in this case?

First, in the complex context of this Sino-NZ IJV collaboration, actors' sense made of strategic actions was tightly linked to the interplay of their mythical and lived experience in reciprocal interaction. In other words, in the collaborative situation, the actors were more likely to judge their counterparts' performance by comparing it with their own prospective performance and outcomes which were based on their mythical and lived experience. Accordingly, their own prospective performance appeared to be better than that of others, and thus dissatisfaction about others' performance in the IJV was likely to occur. In this context, and especially during the start-up of the IJV collaboration, the IJV partners were more likely to defend or safeguard their own strategic interests by either using strategies that were well-established in their own company or using the other's weaknesses, such as poor understanding of contracts or the English language, to gain control. As a result, the IJV partners involved themselves in competitive activities for control of the IJV, and this CFI led the direction in which the IJV developed, as well as the way in which the collaboration was maintained.

In this case study there are examples of actors giving sense of their strategic actions in which they attempted to influence others' strategic decisions or actions toward their own strategic goals, but there is little evidence that sensegiving about strategic actions had an effect on the

others' strategic actions in developing the collaboration. It appears that as the collaborative problems emerged, both partners became progressively entrenched in their positions. This suggests that it is essential for key actors to engage in CFI that enables them to develop collective sensemaking about strategising, learning, and communication, which in turn can enable the interplay of sensegiving and sensemaking to influence strategic actions and enhance the development and maintenance of an international business collaboration. It also suggests that the process of sensemaking about strategic actions or IJV strategising may differ from the process of sensegiving to strategic actions or IJV strategising, and sheds a light on the need for future research in this area. Moreover, the case study data related to sensemaking about strategy practices is based on key actors' reported strategy practices rather than on participant observation of real-time IJV negotiations or IJV strategising activities, and this becomes a barrier when probing the CFI in which the interplay of sensemaking and sensegiving influences others' decisions or actions.

Second, in this case, I define sensemaking as a strategic action, the shape of which is influenced by micro-strategising and meso-strategising attributes. In the context of the start-up of this IJV collaboration, there were clear differences in both micro strategy and meso strategy practices between the New Zealand and Chinese dairy companies, and the variations caused discrepancies in sensemaking about IJV performance. However, the partners appear to have paid little attention to resolving the emergent or existing collaboration problems, and chose instead to complain about their counterparts' poor performance, which led to disjointed collaboration. The model provides an understanding of why the disjointed collaboration occurred in this case by demonstrating the effects of four important attributes on the shape of sensemaking actions in the IJV strategising and collaboration, namely, "alignment," "knowledge sharing," "trust," and "communication."

7.4 The Nature of the IJV Partners' Composite Narratives of IJV Strategy Practices and How Participants Made Sense of These

In Table 7.3, I provide a brief summary of the composite narratives of IJV strategy practices from the two partner companies that were discussed in Chapters 6 and 7. I condensed the key elements into three categories, including "Aspects of IJV Strategy Practices," "IJV Collaboration Challenges," and "Composite Narratives of IJV Strategy Practices." This allows readers to make sense of the what, why, and how of the maintenance and/or development of the IJV collaboration from the stakeholders' perspectives. It also allows

readers to understand the similarities and differences of how participants made sense of own and others' strategic actions, and what they were challenged to maintain and develop in IJV collaboration through narratives in strategy.

Table 7.3: Comparison of Composite Narratives of IJV Strategy Practices

Aspects of IJV Strategy Practices	IJV Collaboration Challenges	Composite Narratives of IJV Strategy Practices
<i>From the NZD1 Key Stakeholders</i>		
Engaging in competitive activities to control board decision-making	Alignment of ideas with their Chinese partner	To “push” or “convince” the Chinese board members to accept or agree with the ideas proposed by the New Zealand members, but it often took a long time to get agreement
Using the other’s weaknesses to control the IJV	Development of a trusting IJV relationship	To use their Chinese counterparts’ poor English and lack of understanding of the Western legal system and contract documents to gain control of decision-making for the operation and management of the IJV
Implementing hierarchical channels of communication	Establishment of open channels of communication in order to resolve potential conflicts or existing problems in the collaboration	Appointing an ethnic Chinese staff member to handle all the IJV trade and dealings with their IJV counterparts and report to her superior, who then reported to his senior manager to get advice or a decision
Withholding information to avoid interference	Improvement of the IJV performance to meet the expectations of both sides	To only provide CHD1 with the information they thought necessary to operate the IJV and this was regarded as a strategy to avoid their partner’s interference
Formulating IJV strategy in line with NZD1’s overall strategic plan	Satisfaction of their partner’s expectations of strategy development in the IJV	To prepare discussion documents for board meetings and lead meetings to formulate IJV strategy in line with NZD1’s overall strategic planning
<i>From the CHD1 Key Stakeholders</i>		
Using a Chinese political approach to control the IJV	Development of a trusting IJV relationship	To adopt a “carrot-and-stick” approach to show either their support of or dissatisfaction with NZD1’s performance (i.e., give an offer of a one-year executive order for the IJV start-up as encouragement or to thump their fists on the boardroom table to show their displeasure and later withdrawing financial support as punishment)

Aspects of IJV Strategy Practices	IJV Collaboration Challenges	Composite Narratives of IJV Strategy Practices
Showing their superior status to re-inforce their hierarchical position	Achievement of knowledge sharing and transformation between the partners	To consider the IJV as a “newborn” baby or first overseas subsidiary for which teaching and directing was the responsibility of CHD1’s senior managers
Implementing hierarchical communication	Establishment of open channels of communication in order to resolve potential conflicts or existing problems in the collaboration	To deliberately implement hierarchical communication to show that CHD1 regarded its middle management team as being equal to NZD1’s senior management team. CHD1's key actors expected their middle management team to do the detail work and report to CHD1.
Standing back and waiting for NZD1 to implement its strategies	Alignment of strategy practices with their New Zealand partner	To consider themselves, as CHD1 was the majority shareholder, the decision-makers who formulated strategies, and that NZD1’s role was to implement decisions on their behalf
Focusing on their own product development strategy when the IJV failed to meet their needs	Satisfaction of the expectations of both partners in the IJV collaboration	To promote other infant formula products in the Chinese market instead of the co-branded products when NZD1 delayed production, resulting in a lack of differentiation with new products, which by that time were available from other New Zealand companies

7.5 Conclusion

There are three key findings. First, this case study revealed that sensemaking about performance in a collaboration differed between the IJV partners. An important reason for this is reflected in the phenomenon that participants from one partner company perceived their own performance as being superior to that of their counterparts in the IJV collaboration. Accordingly, a discrepancy between the sensemaking about their own performance and sensemaking about others’ performance emerged. This discrepancy appears to change to varying degrees in the complex context of the collaboration, and is substantively influenced by the CFI of the participants involved in collaborative activities. In this case, the IJV partners deliberately set out to safeguard their own strategic interests by engaging in competitive activities to gain control of decision-making at both board and management levels in the IJV, as well as deliberately withholding information and knowledge. Notably, no concerted effort was made by either partner to build mutual trust or advance a mutual understanding of their partner’s business practices, cultures, standard routines, professional ethics, and expectations. As a result, the mutual lack of understanding about each other’s ways of thinking and conducting business, and their misaligned strategy practices coupled

with their differences in strategic orientation appear to have enlarged the discrepancy between their sensemaking about own and others' performance. The evidence reveals that as a result of this phenomenon, during the three years of IJV collaboration, both sides showed little appreciation of their partner's contribution to the development of the IJV; instead, they were largely inclined to complain about the other's poor performance, leading to disjointed collaboration.

Second, this case study discovered that the existence of misaligned strategy practices between the IJV partner companies appears to have led to conflicts during the start-up stage of collaboration. In keeping with many Western companies, key actors in CHD1 valued a logical, incremental strategy process; however, they appear to have been more predisposed towards implementation activities than their New Zealand counterparts, who were more focused on strategy formulation practices. Although of course generalisations should be avoided from a single case, this suggests that in this instance different cultures and work environments of the IJV partners, together with variations in their autonomous strategic discourses, may impose on shaping strategic actions, which in turn can lead to an emergent discrepancy of perception or sensemaking in the understanding of the other's ways of organising the IJV in terms of strategising and collaboration.

Third, it revealed that different intent and processes in formulating strategic discourses between the partners appears to have caused an emergent SMD about IJV strategising. The IJV partners also used their own strategic discourses as a strategic tool to influence both their organisational members' and their counterparts' beliefs. However, failure to give sense to their own strategic actions to influence their counterparts' decisions caused frustration and dissatisfaction with the IJV performance. For example, NZD1's actors believed that their company's market development strategy enabled them to sell at higher prices, and this caused them to stop conducting ingredients business with their IJV partner, turning instead to customers who were willing to pay higher prices, while CHD1's actors believed that because their company was much larger and had been established longer than NZD1, they were responsible for directing and teaching their counterparts in the IJV collaboration. Thus, the use of narratives in strategy appears to emerge almost accidentally from organisational cultures over time and these become core, embedded sagas, myths or legends, and in turn, they play a key role in building participants' mythical experience, leading to emergent

discrepancies amongst prospective performance, expected performance, and perceived performance in an IJV collaboration.

The next chapter provides a discussion of the three primary findings in relation to the relevant literature, and how these findings contribute to the extant literature.

CHAPTER 8: DISCUSSION

8.1 Introduction

The previous chapter discussed the two emergent conceptual models produced by this doctoral study of how key stakeholders from two companies in a Sino-New Zealand international joint venture (IJV) collaboration made sense of their own and the other company's strategic actions during the development of their IJV. This chapter provides a discussion of the three primary findings that are at the heart of these models and discuss them in relation to the relevant literature. First, it discusses these three primary findings: (1) The perception of misalignment becomes a barrier to developing IJV collaboration; (2) A sensemaking discrepancy (SMD) embedded in the IJV relationship disrupts or challenges collaboration; and (3) Collaboration focused interaction (CFI) (or lack of it) is the underlying mechanism influencing discrepancies in sensemaking about performance in an IJV collaboration. Second, it shows how these three primary findings address the research gaps identified in the literature of strategy practice (SP), sensemaking, and international business collaboration (IBC) or international joint venture (IJV) collaboration. Finally, it provides some brief conclusions.

8.2 Primary Findings

8.2.1 Perception of Misalignment Becomes a Barrier to Developing the IJV Collaboration

As shown in Table 7.3 (in Chapter 7), misalignment was the common feature identified by the stakeholders. However, NZD1's key actors' perception of the misalignment was closely related to aspects of business strength and competitive abilities, strategic orientations, and boardroom manners, while CHD1's key actors' perception of the misalignment was more related to aspects of organisational culture, social behaviour, attitudes, trust, and relationships. This suggests that perception of misalignment was closely linked to the stakeholders' judgement of available abilities, benefits, and resources (e.g., human resources, material resources, and market resources) along with their interpretation of ongoing collaborative events and activities. Accordingly, perception of misalignment can change depending on the CFI of participants and the situation involved. This is consistent with the finding of Corsaro and Snehota (2011), who assessed alignments and misalignments in parties' interpretations of problems and solutions for customers, and found that perception of misalignment is very common because the two business partners often have different interpretations of problems and solutions in business relationships over time. Their data

analysis also suggested that there is no evidence to show that the degree of alignment between parties tends to increase over time, which contrasts with previous literature suggesting that interacting parties change their opinions or perceptions over time to achieve greater alignment (Davis & Rusbult, 2001; Steinman, Deshpandé, & Farley, 2000).

This case study provides evidence that the level of perceived misalignment can change over time and is influenced by perceived outcomes of others' performance in an IJV collaboration. For example, during the IJV negotiations, CHD1's stakeholders initially believed that NZD1 met their criteria for a suitable IJV partner, even though CHD1 regarded NZD1 as a small company with average technology skills. However, during the three years' collaboration CHD1's stakeholders came to perceive that the companies had misaligned cultural values, management skills, strategic orientations, and work enthusiasm, and thus had failed to match their expected performance levels. The NZD1 stakeholders' perception of their partner also changed during the IJV collaboration. During the negotiations, NZD1's stakeholders were aware of a strategic misalignment because CHD1's stakeholders were focused only on the development of a co-branded infant formula product for the Chinese market, rather than on the range of products NZD1's stakeholders were interested in developing for the international marketplace. During the collaboration NZD1's key actors came to regard their partner's behaviours at board meetings as being immature, naïve, and evidence of a lack of ability to make decisions, and steadily came to the conclusion that CHD1's culture, business practices, strategising, and commercial values were not aligned with their own. It is apparent that both IJV partners changed their opinions over time. As the IJV progressed, they made no combined effort to address the issues and develop aligned strategy practice, and their regard, appreciation, and respect for each other declined substantively. As a consequence, their ability to derive mutual benefits became increasingly limited.

Another important aspect is that there is clear evidence that although both sides perceived some initial misalignment during the IJV negotiations, they decided to proceed with the formation of the IJV anyway, because doing so enabled each of them to satisfy their different but urgent needs to obtain important resources. This suggests that the decision made to form the IJV was a deliberate course of action, with clear strategic purposes. According to this perspective, when there is a need to enter into a strategic alliance or IJV partnership with a focus on satisfying urgent needs, business enterprises appear to pay less attention to aspects of misalignment than they might otherwise. In addition, the level of misalignment will likely

increase over time unless the partners recognise the misalignment and make mutual concerted efforts to address the issues and resolve potential conflicts or any existing problems that have become apparent in the collaboration. As a consequence, misalignment can become a barrier to the continued development of an IJV collaboration.

8.2.2 A Sensemaking Discrepancy Embedded in the IJV Relationship Disrupts or Challenges Collaboration

As shown in Table 7.3 (in Chapter 7), a sensemaking discrepancy (SMD) was embedded in the IJV relationship and results from differences in partners' strategy practices, learning and communication approaches, habitus, and experience. In turn, the IJV partners felt challenged about how to maintain and develop the IJV collaboration. This shows that, in this case, an embedded SMD is an important determinant that disrupts collaboration, mutual learning, mutual communication, and knowledge sharing between alliance partners, and this is not the effect of national culture alone. This finding is different from the previous literature which suggests that national culture closely relates to deep seated values (Hofstede, Neuijen, Ohayv, & Sanders, 1990) and determines the shape of communication behaviours (Bener & Glaister, 2010; Giri, 2006; Hall, 1959; Hofstede, 1983; Hofstede et al., 2012), and that the differences in national cultures alone can disrupt alliance partners' knowledge sharing, learning, and collaboration (Hennart & Zeng, 2002; Parkhe, 1991).

A review of Table 7.3 (in Chapter 7) shows that NZD1 believed that its management team ran the IJV, and it was the management team's role to both formulate and implement IJV strategy, whereas CHD1 believed that, as the majority shareholder, it had the right to formulate IJV strategy, which NZD1 should then implement on its behalf. Both companies regarded themselves as the "real owner" of the IJV and believed that the strategic plan should be in line with their own strategic orientations. They not only believed that they each had the right to formulate IJV strategy, but that they were also better qualified to do so; thus, aligning strategic ideas, strategic orientations, and strategic planning presented many challenges and frustrations. This conflict appears to have driven them to engaging in competitive activities for control of decision-making in the IJV, rather than paying attention to improving mutual learning and communication, and enhancing the IJV collaboration. According to key actors' narratives, NZD1's senior managers used their counterparts' weaknesses (e.g., limited English speaking ability and a lack of understanding of Western legal systems and contracts) to control decision-making at both IJV board and management levels, while CHD's1 senior

managers used a Chinese political approach to show their power (e.g., offering a one-year executive order for the IJV start-up as encouragement, or thumping their fists on the boardroom table to show their displeasure) in an attempt to gain control of the decision-making.

Further to this, NZD1 narrowed communication channels and withheld information in order to avoid continued interference from CHD1, while CHD1 reduced promotion of the co-branded infant formula, instead favouring promotion of other infant formula products in the Chinese market, when NZD1 did not keep its promise to deliver the co-branded infant formula as requested time and quantity. The delayed schedule of production put pressure on CHD1 to launch new products during the Chinese New Year, and thus to face a risk of losing a market opportunity to increase the market share. CHD1 also encountered a failure to become the product leader at the Chinese infant formula market even though it was the pioneer to form an IJV in the Chinese dairy sector, because other Chinese dairy companies had started to sell their co-branded infant formula products made in New Zealand or Australia. It appears that the frustration both companies felt pertaining to IJV strategy formulation and implementation and the different approaches each adopted to control the IJV added to the levels of dissatisfaction with each other's performance. This suggests that, in this case, communication is deliberately used as a strategic tool in strategising activities in order to influence others' perceptions, emotions, and interpretations, rather than differences in communication behaviours accidentally causing disruption in collaboration. Key actors' narratives also revealed that while CHD1's key actors had good intentions in their attempt to bring ease to the communications by adopting the open and direct communication style NZD1's key actors preferred at meetings, this resulted in CHD1's actors feeling that they could not gain the trust of their New Zealand counterparts, who showed their suspicion by keeping their distance and trying to guess the meaning behind words rather than talking openly and sharing information.

According to Dongarra, Eijkhout, and Kalhan (1995), "*Reverse communication* is a technique by which actors can hide the implementation details of various operations from the implementation of the iterative method" (p. 1). This technique is often applied in the software implementing the iterative methods at the interface between routine and subroutine. I use this term to represent the IJV partners' communication behaviours, showing the routinised, dogmatic practices of one against the granted, overlooked practices of the other. According to

this lens, such reverse communication behaviours appeared to display personal characteristics tightly linked to experience, dispositions, skills, emotions, and expectations. In this case, reverse communication behaviours refers to the Chinese actors' use of an open and direct Western communication style, as against the New Zealand actors' use of an indirect Chinese communication style, rather the two sides communicating with each other in their own habitual communication styles which are influenced by their own national cultures. According to this perspective, although communication styles and national cultures strongly influence each other (Bener & Glaister, 2010; Giri, 2006; Hall, 1959; Hofstede, 1983), in the complex context of an IJV collaboration, barriers to communication substantively impact on perception or sensemaking about the other's way of thinking and conducting business, particularly in situations where a low level of trust and a lack of attention to mutual learning and knowledge sharing, in combination with an absence of appreciation for each other's organisational cultures, business practices, and habitus, contributes to emergent sensemaking discrepancies between the partners, and this results in IJV collaboration difficulties.

8.2.3 Collaboration Focused Interaction Is the Underlying Mechanism Influencing the Sensemaking Discrepancies about Performance in this IJV Collaboration

This case study provides empirical evidence that in the complex context of an IJV collaboration, a gap between mythical and lived experience is embedded in the growth of learning experience and causes a sensemaking discrepancy (SMD) about own and others' performance (see Figure 7.2). As explained earlier, mythical experience is imagined incoming experience built on positive self-narration or organisational storytelling, featuring a vision or expectation of own prospective performance and outcomes. Lived experience is life experience linking the past, present, and future. According to this perspective, one's own experience is shaped and reshaped in an ongoing learning process, because any change of one results in a change to the other, and this change drives the transformation between them. Accordingly, in the context of an IJV collaboration, the different learning processes adopted by the two companies can cause a discrepancy between sensemaking about one's own prospective performance and perceived performance of others, together with a discrepancy between expected and perceived performance outcomes of others. The mythical experience built on narrative in strategy is consistent with the research findings of Chua and Dringenberg (2014) who studied attendees' learning experience at a teacher training workshop. They found that when using a fable or analogy approach to educate attendees to use their imagination to harness the power of the "mythical phoenix," storytelling can bridge the

continual iteration between concrete learning experiences and higher level frameworks of self-belief about being a good teacher, by reinforcing the concept of the mythical phoenix. This suggests that mythical experience is tightly linked to one's own prospective performance and that the performance outcomes are based on own expectations. Thus, a discrepancy between expected own performance outcomes and perceived others' performance outcomes can occur, but the emergent gap can change along with changes in the situations and participants involved.

As shown in Table 7.1, both of the IJV partners perceived that their own performance was superior to that of their counterpart, and the level of participation in collaboration focused interaction (CFI), involving mutual communication, mutual learning and knowledge sharing, was not developed or paid attention to during the three years of IJV collaboration. This suggests that in the complex context of an IJV collaboration, CFI is the underlying mechanism that can develop collective sensemaking about IJV strategising, and consequently, narrow the sensemaking discrepancies between prospective and perceived performance outcomes (see Figure 7.2). A recent research paper by Smith (2016, p. 48) provides a new lens that "To efficiently enhance collaboration, understanding the underlying mechanisms of the knowledge-sharing challenges between alliance partners is necessary, as it brings the root causes and mechanisms of knowledge-exchange difficulty to the front stage" (p. 48). According to this lens, my case study provides empirical evidence that CFI is the underlying mechanism because it plays the role of a "site" where participants are bound together in social activities, which comprise an inherent part of the site (Schatzki, 2005), demonstrating that a change in the degree of CFI substantively impacts on how stakeholders make sense of SP in collaborative activities. As a consequence of a change of CFI, their sense made of own and others' performance changes. This is also consistent with Smith (2016) finding that as a consequence of low-level interaction, participants fail to make sense of the surroundings; subsequently, strategic behaviours clash, and this is followed by the emergence of misunderstandings, lack of trust, and lack of collaboration. Moreover, my case study data reveals that micro-strategising and meso-strategising are intertwined, embedded in and influencing changes in the level of CFI, and this substantively impacts on the shaping of sensemaking actions and the emergent SMD about own and others' performance. This finding demonstrates the important effect that the interplay of sensemaking and micro- and meso-strategising has in an IJV collaboration; this is slightly different from the theoretical implication of Smith (2016) which suggests the continuous inclination to reduce

uncertainty through the processes of sensemaking and micro-strategising has a cost for knowledge integration, because these processes can provoke difficulty in knowledge exchange between individuals.

However, the theoretical implication of this study is that building collective sensemaking about IJV strategising is one of the important steps in reducing collaboration uncertainty. This is consistent with previous literature suggesting that reducing uncertainty in international business collaboration is regarded as one of the first important steps in problem-solving (Dougherty & Dunne, 2012; Kotlarsky, van den Hooff, & Houtman, 2015; Loch, Solt, & Bailey, 2008).

In addition to the three primary findings, there are two other important supplementary findings. One finding is that the collective narratives for both partners portrayed their strategic practices in ways that were aligned with fundamentally different views of their partnership relationship. However, from the time the IJV was established, neither partner company was willing to engage with the other except when absolutely necessary as this would have required confronting the frustrations caused by these fundamentally different views of the IJV relationship. The other finding is that the contrasting strategies of the partner companies caused dissatisfaction with each other's performance in the IJV, and this drove them to change the shareholding structure. Together, the collective narratives suggest the two companies developed strategic practices to ameliorate their different ways of doing business and the consequential dissatisfaction, rather than confronting these issues.

8.3 Contributions to the literature

The emergent model of the sensemaking about performance in an IJV collaboration (see Figure 7.2 as below) is the main original contribution of this thesis to the literatures on Strategy Practice, sensemaking, and International Business Collaboration. The model demonstrates a flow of sensemaking actions situated in the complex context of an IJV collaboration and the impact of the interplay of sensemaking about own prospective performance and sensemaking about others' performance on maintaining and developing the IJV collaboration over time. It contributes to advancing an understanding of IBC dynamics by linking sensemaking and strategy practice to develop a conceptualisation of CFI (collaboration focused interaction).

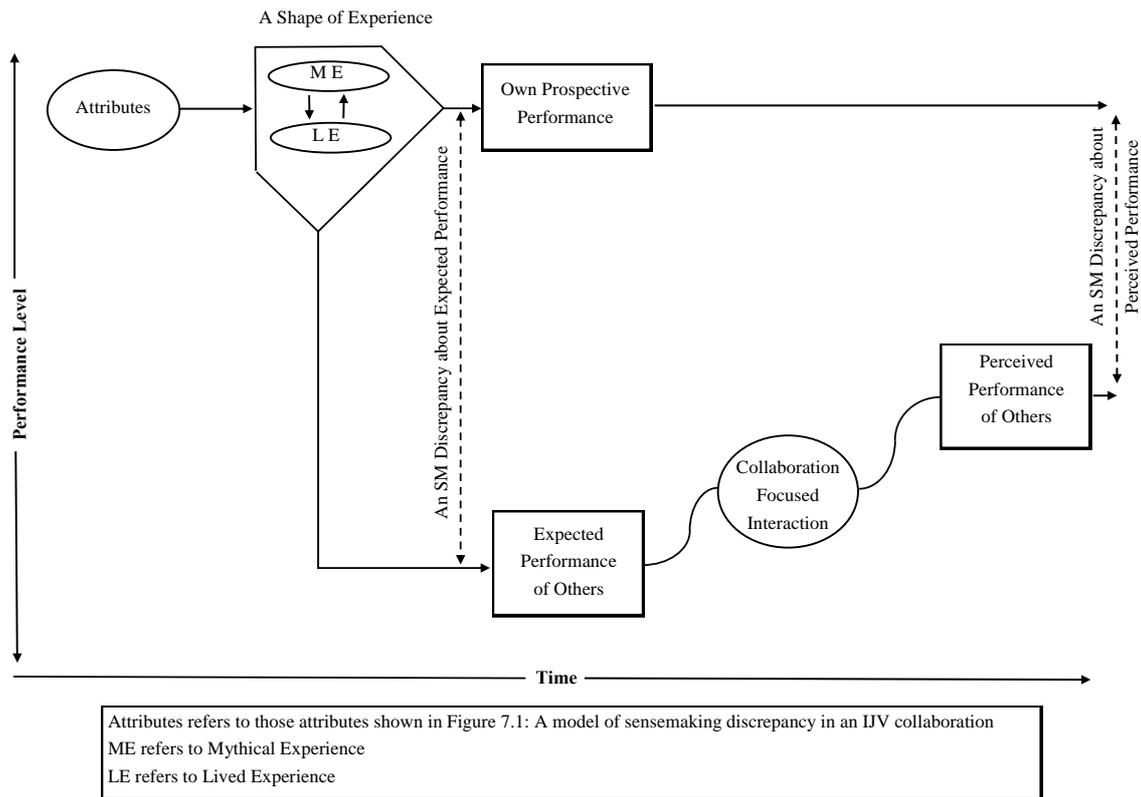


Figure 7.2: A Model of Sensemaking about Performance in an IJV Collaboration

The attributes in Figure 7.2 refer to the primary and peripheral level attributes shown in Figure 7.1 which have substantive influential power to generate a sensemaking discrepancy (SMD) in IJV collaboration. The interaction of attributes play an important role in driving actors in an IJV to keep learning through pragmatic practice or positive self-narration, and thus a shape of experience constantly changes along with a transformation between mythical and lived experience. In the context of a start-up IJV collaboration, actors are more likely to set up their own prospective performance as their criterion to measure or value others' performance, especially when there is misalignment of cultural values, business practices, and habitus between the IJV partners. Accordingly, a SMD between one's own prospective performance and the performance expected of others occurs. As explained earlier, own prospective performance is tightly linked to an individual actor's mythical experience. The judgement of others' performance, including others' expected performance and the perception of others' performance outcomes, is built upon this mythical experience and will appear to be lower than an actor's self-imagined performance outcomes. If, during collaboration focused interaction (CFI), actors learn to appreciate each other's cultural values, practices, habitus, and professional ethics, the level of one's expected performance of

others can change in relation to one's own prospective performance. Furthermore, if during CFI, actors improve their mutual understanding of each other based upon mutual learning, knowledge sharing, building trusting partnerships and/or friendships, and developing aligned strategy practices, then the level of others' perceived performance in relation to their expected performance can also improve and narrow the discrepancy even further. This suggests that CFI plays an important role in influencing how actors make sense of others' performance, and this demonstrates the effects of a flow of sensemaking actions in an IJV collaboration. This finding contributes substantively to filling a research gap in firmly establishing a claim that CFI, as an underlying mechanism, drives IJV partners to establish a form of collaborative practices. This also explains the changing nature of collaboration embedded in the IJV relationship.

Sensemaking about performance refers to a flow of sensemaking actions involving two interactive attributes: sensemaking about own performance and sensemaking about others' performance. This means that any change of the two attributes can lead to the reshaping of sensemaking actions; accordingly, a change of sensemaking about performance occurs along with CFI. In the case of this particular start-up Sino-NZ IJV collaboration, the IJV partners had a lesser understanding of each other, including a lesser understanding of the ways of thinking and conducting business, the processes of formulating strategy practices and implementing strategies, coupled with different cultures, work environments, business practices, and habitus. This suggests that when assessing the performance of others during the start-up of an IJV collaboration, a gap often exists between the perceived outcomes of others' performance and an actor's own prospective results. Accordingly, perception or evaluation of one's own performance is likely to be considered as being superior to that of others' performance in a collaboration, and thus a discrepancy between sensemaking about own performance and sensemaking about others' performance can occur to varying degrees, depending on the extent of CFI. In turn, any changes to the two attributes can substantively influence the shape of sensemaking about performance in the context of an IJV collaboration. However, at the mature stage of an IJV collaboration, or in a situation where the IJV partners have engaged in developing collective sensemaking about strategising through mutual learning and communication, an actor's perception of others' performance in relation to his or her prospective performance outcomes will likely be elevated. Thus, the discrepancy between sensemaking about one's own prospective performance and one's perceived performance of others can be reduced.

This emergent model contributes to answering the following two research questions:

- How do key internal stakeholders in a particular Sino-NZ context make sense of and give sense to strategic actions related to the development and maintenance of an international business collaboration?
- How does this sensemaking and/or sensegiving influence international business collaboration in this case?

First, in the complex context of this Sino-NZ IJV collaboration, actors' sense made of strategic actions was tightly linked to the interplay of their mythical and lived experience in reciprocal interaction. In other words, in the collaborative situation, the actors were more likely to judge their counterparts' performance by comparing it with their own prospective performance and outcomes which were based on their mythical and lived experience. Accordingly, their own prospective performance appeared to be better than that of others, and thus dissatisfaction about others' performance in the IJV was likely to occur. In this context, and especially during the start-up of the IJV collaboration, the IJV partners were more likely to defend or safeguard their own strategic interests by either using strategies that were well-established in their own company or using the other's weaknesses, such as poor understanding of contracts or the English language, to gain control. As a result, the IJV partners involved themselves in competitive activities for control of the IJV, and this CFI led the direction in which the IJV developed, as well as the way in which the collaboration was maintained.

In this case study there are examples of actors giving sense of their strategic actions in which they attempted to influence others' strategic decisions or actions toward their own strategic goals, but there is little evidence that sensegiving about strategic actions had an effect on the others' strategic actions in developing the collaboration. It appears that as the collaborative problems emerged, both partners became progressively entrenched in their positions. This suggests that it is essential for key actors to engage in CFI that enables them to develop collective sensemaking about strategising, learning, and communication, which in turn can enable the interplay of sensegiving and sensemaking to influence strategic actions and enhance the development and maintenance of an international business collaboration. It also suggests that the process of sensemaking about strategic actions or IJV strategising may differ from the process of sensegiving to strategic actions or IJV strategising, and sheds a

light on the need for future research in this area. Moreover, the case study data related to sensemaking about strategy practices is based on key actors' reported strategy practices rather than on participant observation of real-time IJV negotiations or IJV strategising activities, and this becomes a barrier when probing the CFI in which the interplay of sensemaking and sensegiving influences others' decisions or actions.

Second, in this case, I define sensemaking as a strategic action whose shape is influenced by micro-strategising and meso-strategising attributes. In the context of the start-up of this IJV collaboration, there are clear differences in both micro and meso strategy practices between the New Zealand and Chinese dairy companies, and the variations cause discrepancies in sensemaking about IJV performance. However, the partners appear to have paid little attention to resolving the emergent or existing collaboration problems, and chose instead to complain about their counterparts' poor performance, which led to disjointed collaboration. The model provides an understanding of why the disjointed collaboration occurred in this case by demonstrating the effects of four important attributes on the shape of sensemaking actions in the IJV strategising and collaboration, namely, "alignment," "knowledge sharing," "trust," and "communication."

The emergent findings of this study contribute to the literature of strategy practice (SP), sensemaking, and international business collaboration (IBC) in a number of ways. Table 8.1 illustrates how each of the three primary findings contributes to these fields of literature.

Table 8.1: Contributions to Existing SP, Sensemaking, and IBC Literature

Primary Findings	Contribution to Research Gaps in SP	Contribution to Research Gaps in Sensemaking	Contribution to Research Gaps in IBC
Perception of misalignment changes and increased misalignment becomes a barrier to developing IJV collaboration	Advances the concepts of alignment and misalignment in strategic management	Provides an insight into the relationship between social interaction and sensemaking in response to misaligned strategy practices	Brings the concept of misalignment into developing an alliance relationship
Sensemaking discrepancies embedded in the IJV relationship disrupts or challenges collaboration	Reveals the link between micro-strategising, meso-strategising, and sensemaking in the shaping of strategic actions	Provides an insight into how stakeholders interpret surroundings and make sense of own and others' performance along with organisational changes	Displays the nature of disjointed collaboration

Primary Findings	Contribution to Research Gaps in SP	Contribution to Research Gaps in Sensemaking	Contribution to Research Gaps in IBC
<p>CFI is the underlying mechanism influencing sensemaking gap of performance in IJV collaboration – it provides a “site” for actors to participate in social activities during which a sensemaking discrepancy about performance emerges, influencing the shaping of strategy</p>	<p>Links actors, actions, and interactions together as the centre of SP</p>	<p>Links sensemaking and SP in the performance of different strategy practices</p>	<p>Links sensemaking and SP in the complex context of an IJV collaboration</p>

As shown in Table 8.1, the findings or knowledge produced from this Sino-NZ IJV collaboration case study contribute to the research gaps identified in the literature of SP, sensemaking, and IBC. In particular, this thesis reveals a link between sensemaking and SP in the performance of an IJV collaboration and demonstrates the nature of the partner companies’ composite strategy practices and how stakeholders make sense of strategising in the collaboration.

8.4 Conclusion

There were three overarching findings produced by this case study that substantively address research gaps identified in the literatures of SP, sensemaking, and IBC and make strong contributions to these literatures. The first finding is that, in this case study, misalignment is embedded in the IJV relationship, and that along with an increase of misalignment in CFI, it can become a barrier to maintaining and/or developing an IJV collaboration. This advances the concept of misalignment in strategic management in the development of an alliance relationship (Corsaro & Snehota, 2011), as well as providing a deep insight into the relationship between social interaction and sensemaking in response to misalignment of strategy practices (Dulipovici & Robey, 2013).

The second finding is that the emergence of sensemaking discrepancies is embedded in this IJV relationship and can disrupt or challenge collaboration. This displays the nature of disjointed collaboration (Smith, 2016) as the consequence of differences in interpretation of surroundings and sensemaking about own and others’ performance along with changes of

situations and participants (Lüscher & Lewis, 2008). This brings micro-strategising, meso-strategising, and sensemaking together in shaping strategic actions (Kwon et al., 2014).

The third finding is that CFI, as the underlying mechanism, provides a “site” here for actors to participate in social activities during which a SMD about performance can emerge and influence the shaping of strategy. This links sensemaking and SP in performance of different strategy practices (Rouleau, 2013), and links actors, strategic actions, and interactions together as the centre of SP (Jarzabkowski & Spee, 2009) in the complex context of an IJV collaboration (Hong et al., 2016).

These findings are substantive. They highlight areas requiring attention in IJVs and, in so doing, offer an agenda for improvement. Most importantly they go beyond merely describing cultural differences to explicate the mechanisms by which such differences constrain intercultural collaboration.

CHAPTER 9: CONCLUSION AND IMPLICATIONS

9.1 Introduction

The purpose of this chapter is to show how this study of a Sino-NZ IJV provided answers to the thesis's research questions and to summarise their implications for theory and practice, including giving directions for future research into IJVs from the sensemaking perspectives of strategy practice and practices. First, it presents the answers to the research questions by summarising and integrating the findings of this case study that were reported in Chapters 7 and 8. Second, it provides an overview of this study's contributions to theory and practice. Third, it provides implications for theory and practice. The chapter concludes with some directions for future research.

9.2 Summary of Key Findings

I have reviewed the extant literature in literature review Chapters 2, 3, 4 and subsequently determined two main research questions (see section 5.2) that this thesis focused on answering:

- How do key internal stakeholders in a particular Sino-NZ context make sense of and give sense to strategic actions related to the development and maintenance of an international business collaboration?
- How does this sensemaking and/or sensegiving influence international business collaboration in this case?

To answer the first question, the empirical evidence from this thesis suggests that practitioners from the Sino-NZ IJV parent companies interpreted the IJV differently in terms of the concept, ownership, and collaboration of the IJV. For example, the Chinese practitioners interpreted the IJV as an overseas equity investment in the form of a subsidiary, and this in turn influenced their choice to play the role of a superior who should take responsibility to guide and consult for the strategic decision-making in the IJV, rather than committing to the daily operation and management of the IJV. The New Zealand practitioners interpreted the IJV as a strategic alliance, and thus reasoned each party should equally and independently contribute to IJV performance with an alignment of strategic purpose. These different interpretations led to conflicts in the IJV from the time it was established, especially at board and senior management levels; these conflicts involved

competing with each other for control of board decisions and reluctance to communicate and exchange information. Such disjointed collaboration at board and senior management levels created a lot of confusion, frustration, and stress for the middle managers who worked in the IJV's functional departments, which increased the complexity of the IJV collaboration. This finding is different from previous studies, which proposed that board involvement can enhance the performance of an IJV (e.g., Klijn et al., 2013; Ravasi & Zattoni, 2006). Therefore, I argue that uniqueness and complexity are an inherent part of the nature of an IJV, and its performance is influenced by the intersection of macro-, meso-, and micro-levels of aspects related to local social and business practices, cultural values, work environments, practitioners' habitual behaviours, experiences, expectations, emotions, and attitudes. This dynamic triggers sensemaking and/or sensegiving about strategic actions, and when cross-cultural practitioners, particularly board directors and senior managers, collaborate to create consonance and solutions to potential conflicts, their involvement in the collaboration enhances the performance of the IJV.

This study illustrates a link between sensemaking and strategy practices in the context of the Sino-NZ IJV. It also provides a conceptual model explaining a sensemaking discrepancy (see Figure 7.1), and a model of sensemaking about performance (see Figure 7.2) in an IJV collaboration to illustrate the why, what, and how of sensemaking with regard to it being intertwined with strategy practice to influence collaboration.

When cross-cultural practitioners make sense of and give sense to their own and others' performance, they habitually catch cues that they are comfortable or familiar with, and this in turn produces the different ways in which they improvise their own strategic actions in response to the other. For example, CHD1's key actors believed that displaying good social manners and building trusting relationships were the primary strategic behaviours to maintain and/or develop collaboration. In contrast, NZD1's key actors believed that displaying their abilities to make the right decisions for the IJV and controlling their emotions in decision-making are the primary strategic behaviours to maintain and/or develop collaboration. Therefore, I argue that in the complex context of an IJV collaboration, sensemaking and/or sensegiving itself becomes a strategic action that is tightly linked to individual narrative and/or professional identity. Because an individual's identity has a social feature that is strongly linked to the individual's own mythical and lived experiences, consonance or diversity in experiences, as well as to aspects related to expectations and emotions, this

triggers sensemaking and/or sensegiving about strategising during interactions.

The action-based data collected during Stage 2 participant observation of meetings also led to the discovery that conventional approaches to producing strategies differed between the two parent companies, particularly at senior management level. In NZD1, the CEO was the key decision-maker, but encouraged his team to engage in brainstorming and open discussions to produce strategic ideas, followed by the testing and refining of these ideas through practice. NZD1's practitioners appreciated equality and involvement in decision-making. In CHD1, the CEO was also the key decision-maker, but preferred to gather resources by listening to subordinates' reports and reading departmental documents when designing strategies. This approach was also used in the individual departments where directors collected information from their subordinates, either through one-to-one brief reports or submitted documents. An approach of conducting brief meetings in the form of reports from subordinates to their superiors was encouraged in the processes of producing strategies and decision-making. The contrasting approaches employed by the directors during IJV board meetings in the defence of their own companies' interests appeared to cause frustration, doubts, and dissatisfaction with each other's performance. This, in turn, triggered sensemaking and/or sensegiving about strategising towards the achievement of own wishes and expected outcomes.

Analysis of the narrative-based data collected during Stage 3 revealed that from the time the IJV was established, key actors from NZD1 were fully charged with the daily operation and management of the IJV without interference from CHD1, and this gave NZD1 the benefit of being able to control the dissemination of information and the decision-making at all management levels. Diversities in strategic orientations, together with reluctant exchanges of information, led to dissatisfaction within the IJV collaboration. However, neither party made a concerted effort to work out a solution to improve the IJV collaboration, and they simply kept their distance from each other. For example, NZD1's board directors and/or senior management team ignored their counterparts' speeches and gained acceptance of their own strategic decisions by pushing their counterparts into lengthy arguments when trying to get agreement at board meetings. In response, CHD1's board members and senior managers who could not speak fluent English chose to stop expressing their opinions, and became reluctant to communicate, instead waiting for the opportunity to teach their counterparts a lesson when they make a mistake. In this case, English was accepted as the common working language in the IJV, but the Chinese senior managers had limited command of the English language, so

when they were forced into lengthy arguments with their counterparts in trying to achieve agreements at board meetings, they felt they had little choice but to compromise their wishes.

Thus, when diversity in native tongues exists in an IJV collaboration, communication can be deliberately used as a strategic tool in strategising activities in order to influence others' perceptions, emotions, and interpretations. For example, the Chinese participants had good intentions in their attempt to ease communication by adopting an open and direct communication style at meetings, but this resulted in their feeling that they could not gain the trust of their New Zealand counterparts, who showed suspicion by keeping their distance and trying to guess the meaning behind their words rather than talking openly and sharing information. My argument here is that although communication styles and national cultures strongly influence each other (Bener & Glaister, 2010; Giri, 2006; Hall, 1959; Hofstede, 1983), in the complex context of an IJV collaboration, barriers to communication substantively impact on perception or sensemaking about each other's way of thinking and conducting business. This is particularly true in a situation where a low level of trust and a lack of attention to mutual learning and knowledge sharing, combined with an absence of appreciation of each other's organisational cultures, business practices, routines, and professional ethics, contributes to sensemaking discrepancies between the partners, and this results in IJV collaboration difficulties.

9.3 Contributions to Theory

This thesis contributes to the field of practice theory by providing an empirical illustration of sensemaking and practice turn link in the complex context of an IBC. First, a strategic plan is a static pre-cursor to strategic action, and it only has practical value when the strategic plan is put into action how to achieve pre-determined wishes or expected results. Thus, "learning by doing" enables individuals to gain access to "learning experience," and in the ongoing dynamic learning process, this plays the role of the bridge that enables the "learning experience" to be transformed into their own lived experience.

Second, in complex situations, routines are not stable. They are constantly changing, driven by the shift of power relations and deployment of power between alliances and actors. Moreover, routines are not just about enacted custom, structure, and practices constituting and regulating actors' behaviours; rather, they are influenced and reshaped during CFI.

Third, the ability to manage expectations differs between IJV partners due to differences in their culturally influenced social practices, belief systems, habitus, perceptions, and expectations. This deviation increases the likelihood of misunderstanding and interpretation during interactions, and thus sensemaking and/or sensegiving emerges in response to the complexity and uncertainty.

9.4 Contributions to Practice

Research based on close observation and in-depth interviews of top executives in a Sino-NZ collaboration is rare as are examples of how sensemaking and SP can interact to influence an IJV collaboration. The findings will enable cross-cultural practitioners to advance an understanding of the following: (1) Why complexity and diversity in an IJV triggers sensemaking about strategic actions; (2) What cross-cultural practitioners can do to maintain and develop collaboration; and (3) How sensemaking interacts with SP to influence collaboration.

First, this case study provides evidence that the level of misalignment will likely increase over time unless partners recognise misalignment and make concerted efforts to address the issues and resolve potential conflicts or any existing problems that have become apparent in the collaboration. Otherwise, misalignment can become a barrier to the continued development of an IJV collaboration, which in turn increases the level of complexity and uncertainty in the IJV and results in sensemaking and sensegiving about strategising in collaborative activities.

Second, sensemaking discrepancies embedded in an IJV relationship disrupt collaboration, mutual learning, mutual communication, and knowledge sharing between alliance partners, rather than these issues being the effect of national culture alone (Bener & Glaister, 2010; Giri, 2006; Hall, 1959; Hofstede, 1983). The research findings also suggest that, in the dynamic context of an IJV, interaction has reciprocity and commitment features; the more the partners engage into reciprocal interaction, the more they understand each other's ways of thinking and doing business and they are more likely to commit to collaboration. According to this perspective, CFI is more likely to play the role of the underlying mechanism that enhances collective sensemaking about IJV strategising. In turn, the sensemaking discrepancies between the prospective, or expected, and the perceived performance outcomes can be reduced.

Third, as a gap between mythical and lived experience is embedded in the growth of learning experience, when coupled with different expectations between IJV partners, it can disrupt IJV collaboration. These research findings suggest that improving sensemaking ability should be considered as an important strategic management skill, and it should be included in training agendas for managers who operate IJVs.

Fourth, when senior managers do not involve themselves in daily IJV operations, they often misinterpret minor details pertaining to operational and managerial problems. This can cause confusion, frustration, stress or dissatisfaction with the collaboration, leading to disjointed collaboration and a collapse of trust. Therefore, it is necessary to open direct communication channels in the inter-departments of the parent companies in order to speed up information exchange and improve mutual understanding of each other's differences, including cultural values and beliefs, habitus, expectations, and attitudes. Moreover, if language use becomes a barrier to communication, it is important to use the IJV as a bridge to gain access to international human resources and recruit local managers with the expertise to manage potential conflicts and develop mutually beneficial collaborative outcomes.

Fifth, routine is not always stable, especially during IJV start-up and initial collaboration, because partners often attempt to defend their own positions, interests, or expectations, and this can give rise to competition over decision-making power, leading to a collapse of trust. Therefore, it is necessary to advance the sensemaking ability of making sense of or giving sense to strategising through mutual learning from the partner companies about how the senior managers structure strategy practices and build organisational stories. This approach can help cross-cultural practitioners to improve their collective sense of strategising, which in turn will help to reduce conflicts in decision-making and improve IJV performance.

Sixth, it has become increasingly important for cross-cultural practitioners to understand that expectations can influence sensemaking and sensegiving about strategic actions during interaction, especially when the partner companies differ in size, cultural values, strategic orientations, and practices. Thus, enhancement of their ability to manage expectations can help to maintain and develop collaboration.

9.5 Implications for Theory

In Chapters 2, 3, 4, I presented an overview of research in the fields of international business

collaboration, sensemaking, and strategy practice (SP, also called strategy-as-practice, SAP). This led me to identify gaps in the literature that have been addressed in depth through the empirical findings reported in Chapters 6 and 7. This thesis presents a number of implications for theory.

9.5.1 Implications for Theory of Sensemaking Perspectives of SP

This study reveals that when individuals communicate either with self through positive self-narration, or with others through organisational storytelling to achieve a target, sensemaking itself becomes a strategic action that constitutes an essential part of SP. This lens suggests that individual sensemaking is micro, unique, ongoing, and social.

This study provides evidence that sensemaking about performance includes sensemaking about own performance and sensemaking about others' performance. They are different but interact to influence each other. Interaction dynamics drive the processes to evolve, and this triggers sensemaking about strategic actions in response to the complexity, diversity, or consonance. This case study provides evidence that when individuals make sense of their own performance, they appear to link their own prospective performance to mythical experience. A gap exists between mythical experience and lived experience, and this, in turn, arouses sensemaking and sensegiving about strategic actions to cope with the deviations in expectations involving changes of emotions. When individuals make sense of others' performance, they appear to use their own prospective performance as a guide by which they measure others' expected performance. Accordingly, a discrepancy exists between their own prospective performance and their perceived performance of others, and this triggers sensemaking and sensegiving about strategic actions in order to cope with the deviations in expectations involving changes of emotions, trust, and interpersonal relationships.

9.5.2 Implications for Strategy and Practice Turn of Strategy

This thesis contributes to the strategy-as-practice perspective (Jarzabkowski et al., 2007; Johnson, Melin, & Whittington, 2003; Whittington, 2006) by providing insights into the praxis level of study and the strategising and interactions of actors at both senior and middle management levels of IJV parent companies. My case study results support previous literature about the role of strategy meetings (Jarzabkowski, 2003; Jarzabkowski & Seidl, 2008) in which strategic planning activities at the praxis level seem to play an important role in producing strategic ideas through brainstorming and open discussions, but this approach

appears better suited to a Western company than a Chinese company with a culture oriented towards traditional Chinese philosophies. This study also provides evidence that in the complex context of a Sino-NZ IJV collaboration, the choice of meeting style is likely to follow the local parent company's meeting style and the meeting organiser's preference, which is consistent with or influenced by his or her CEO's habitus and/or expectations. This finding contributes to a growing focus on examining which actor's activities and behaviours, in various hierarchical positions, have important consequences for how strategy is produced to maintain and develop IJV collaboration (Mantere, 2008; Mantere & Vaara, 2008).

9.6 Implications for Practice

The first implication is that when choosing an IJV partner, it is important to identify whether the potential partner company has aligned organisational cultures and strategy practices by carefully reading through the organisational stories published on the company's website or in documents. This will help assess the "cultural fit" of the potential alliance partner before deciding to enter into or form an IJV (Kobernyuk et al., 2014). The shared storytelling can play a positive role by centring the collective meaning of practices, principles, and norms that enable organisational members to drive collective acts within the workplace. Misalignment of organisational stories indicates potential conflicts within the two companies, and this may lead to the breakdown of team collaboration and performance.

The second implication is that when setting up an IJV, writing the detailed IJV practices (e.g., IJV operational manuals, principles, and issues related to training and risk management) is an important strategy practice because coherence of discourse will improve the collective sense of communication and this can help maintain and develop collaboration. This becomes an essential practice when setting up a cross-cultural IJV or international business collaboration.

The third implication is that being aware that sensemaking discrepancies embedded in an IJV relationship can disrupt collaboration, mutual learning, mutual communication, and knowledge sharing between alliance partners. This is not the effect of national culture alone. Thus, increasing the degree of meaningful interaction (e.g., open multiple communication channels to share information, set up regular seminars or workshop for internal staff training exchange) can help reduce the level of the sensemaking discrepancies between organisational members of the IJV parent companies. This in turn helps build trusting relationships, increase

appreciation of each other's cultures and business practices, and eventually improve the IJV performance and collaboration.

The fourth implication is that if long distance or language use between the IJV partner companies becomes a potential problem for either sides in engaging in the daily IJV management and operation, it is important to use the IJV as a bridge to gain access to international human resources and recruit local managers with the expertise to manage potential conflicts and develop mutually beneficial collaborative outcomes.

9.7 Opportunities for Future Research

This thesis illustrated the link between sensemaking and strategy practice in the context of a Sino-NZ IJV collaboration, and in addition developed some new insights into the interplay between actors' role-play, influences of hierarchy and communication, categories of strategising practice, and interaction dynamics. Nonetheless, there is a great need for ongoing academic discussion on this topic. Based on the limitations of this single case study, there are some potential areas for future research. 'Drilling down' to interview other key stakeholders, such as front-line employees, consultants, and others involved in strategising in the IJV collaboration may provide other perspectives, although I have already noted the invasiveness and resource intensity of such an approach. Although I have found there are issues of power, identity, emotion management, and impression management in strategising, they are not revealed by this case study, such as the degree to which leaders influence the strategic change in their collaboration, how they set up a strategic agenda, and how the ideological conflicts are solved. Alternative discursive methods may focus on such issues, although my approach does not deny or downgrade their influence.

The first suggestion for future research is to operationalise constructs and test the model of sensemaking about performance that has been developed from this case study. The second is to explore in greater detail how deviations in expectations can lead to different strategic action trajectories in international business collaboration. The third is to investigate further how sensemaking and sensegiving are used as strategy to influence the other partner's decision-making. The fourth is to examine interaction dynamics in the context of the cross-cultural negotiations and their influence in the interplay of sensemaking and strategy practice.

GLOSSARY OF KEY TERMS

C

Collaboration refers to the process to share and transform knowledge between partner companies in order to gain mutual benefits and competitive advantages.

Composite narrative is defined as the creative narrative that is constructed by blending the voices of participants with those of the researcher in a way that emphasises the connectedness amongst individual narratives of experiences and events. It is useful as a means of protecting the identity of individual participants (Wertz, Nosek, McNiesh, & Marlow, 2011).

Control refers to the process through which a partner company ensures that the way an IJV is managed conforms to its own strategic interests

D

Dairy industry is defined as “the branch of the food industry that includes enterprises processing milk and producing various dairy products from milk” (Spicka, 2013, p. 89). In this study, business enterprises in the dairy industry produce, distribute, and sell dairy products locally and/or internationally.

H

Habitus refers habitus refers to a person’s own habitual behaviours tightly linked to life experience, skills, and dispositions, as well as to possessing a “belonging to” feature (Bourdieu 1990). When one’s habitus is formed, it is not normally reshaped quickly, but can change over time, along with interactions of work environments, business practices (e.g., rules and procedures), and organisational cultures. So, habitus has the features of “belonging to” and a strong resistance to change.

I

International business collaboration (IBC) is regarded as a broad term referring to a type of business collaboration where two or more international companies enter a form of collaborative agreement with strategic alliance purposes and involving two prominent features: (1) it is owned by two or more international partners and the joint venture is operated in one partner company’s country where its headquarters bases (Groot & Merchant,

2000); and (2) the joint venture is independent, which means that neither parent companies play a dominant role in all venture affairs and activities, but instead both partners play a role in balancing collaboration and control to improve joint venture performance (Ding, 1997).

International joint venture is defined as “an effective means of competing within multi-domestic or global competitive arenas, involving two or more parent companies at least one of which is headquartered outside of the IJV host country.” (Chiu et al., 2014, p. 246). From this perspective, an IJV is a type of international business collaboration, and entering this form of collaborative agreement allows international partner companies from different countries to gain competitive advantages through access to their partner’s resources, including markets, technologies, capital, and human resources.

M

Mythical experience refers to self-taught experience derived from a deliberate narration process involving either positive self-narration or organisational storytelling.

P

Performance refers to how actors perform their roles in everyday organisational activities. This term here is used to describe “a certain type of particularly involved and dramatized oral narrative” (Langellier, 1999, p. 127). In other words, *performance* is the term for how actors talk about their own and others’ experience, with a focus on “putting narrative into practice” (Langellier, 1999, p. 127). Thus, narratives of performance are tightly linked to narrators’ identity, experience, and the situations involved.

Praxis refers to the activities of strategic work that are linked to the actions of participants at the macro, meso, and micro levels (Vaara & Whittington, 2012; Whittington, 2006, 2007). Within the Sino-NZ IJV context, praxis is defined as the flow of strategic activities that participants are engaged in during the IJV start-up and subsequent collaboration.

R

Reverse communication is “a technique by which actors can hide the implementation details of various operations from the implementation of the iterative method” (Dongarra, et al., 1995, p. 1). This technique is often applied in the software implementing the iterative methods at the interface between routine and subroutine. I use this term to represent the IJV

partners' communication behaviours, showing the routinised, dogmatic practices of one against the granted, overlooked practices of the other.

S

Sensegiving refers to “intentional attempts to influence the way people make sense of and construct their organisational reality” (Vuori et al., 2012, p. 48). In the context of Sino-NZ IJV collaboration, sensegiving is defined as a process involving actors making judgements of their surroundings and using strategic tools or methods to influence others' performance or actions towards actors' own expectations.

Sensemaking is the generic term for the ongoing iterative process people engage in to give meaning to their experiences. In business it includes the strategic practice that is tightly linked to narrative identity and through which business actors interpret and make sense of strategising. In these circumstances it has been called strategic sensemaking. Rouleau and Balogun (2011) define *strategic sensemaking* as “a social process of meaning construction and reconstruction through which managers create sense for themselves and others about their changing organisational context and surroundings” (p. 955). In this study the more generic term sensemaking is used to acknowledge that sensemaking is not always strategic and can be about strategy rather than always an integral part of strategy practice.

Sensemaking about others' performance means that in reciprocal interaction, participants interpret, judge and respond to others' performance and outcomes.

Sensemaking about own performance refers to making sense of one's own performance. There were differences between the accounts of key actors from both companies related to making sense of own performance.

Sensemaking about SP is an elaborate process of making/giving sense of strategic actions combined with a flow of complex thought, together with self-interpretation of situation of how to work by self or collaborate with others to achieve a new target and/or get their job done.

Sensemaking accounts refers to “those processes of interpretation and meaning production whereby individuals and groups reflect on and interpret phenomena and produce

intersubjective accounts” (Brown, 2000, p. 3). Analysing sensemaking accounts allows the researcher to understand how actors make sense of the collective narratives related to strategy practices in the IJV through their descriptions of acting.

Sino-NZ collaboration is defined as a business collaboration between a New Zealand company and a Chinese company.

Strategy is conceptualised at the broadest level as a situated, socially accomplished activity (Jarzabkowski et al., 2007), while from a narrow point of view it is defined as doings and sayings of a discursive and recursive nature (Jarzabkowski & Spee, 2009). Studies taking this perspective focus on the dynamic relationships amongst strategy practice, strategy practices and the strategic roles of strategy practitioners.

Strategy practice is a broad term related to doing strategy work that comprises practices. It consists of four interrelated concepts: strategy practitioners, praxis, strategy practices, and strategy profession (Whittington, 2006).

Strategy practices are defined as the routines, discourses, procedures, and norms generated by the IJV participants in order to guide and regulate their behaviours towards standardised behaviours at both personal and organisational levels (Jarzabkowski & Spee, 2009).

Strategy practitioners are the actors who draw upon practices to act and use tools to achieve their targets or expected performance in everyday life and at work (Jarzabkowski, Balogun, & Seidl, 2007). According to this perspective, strategy practitioners here refers to the stakeholders who are directly involved in the day-to-day IJV strategic activities and/or who influence strategic decision-making in the process of IJV collaboration (Whittington, 2006, 2007).

Strategy profession refers to those strategy practitioners who have substantive work experience in leading, managing, assisting, or consulting on the development of organisational strategy (Whittington, Cailluet, & Yakis-Douglas, 2011).

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APPENDIX 1 – Human Ethics Committee Approval Letter

HUMAN ETHICS COMMITTEE Secretary, Lynda Griffioen

Email: human-ethics@canterbury.ac.nz

Ref: HEC 2013/67

26 June 2013

Lilly Zhao Department of Management, Marketing & Entrepreneurship UNIVERSITY OF
CANTERBURY

Dear Lilly

The Human Ethics Committee advises that your research proposal “Interpreting and applying strategies to Sino-Western negotiation” has been considered and approved.

Please note that this approval is subject to the incorporation of the amendments you have provided in your emails of 18 and 21 June 2013.

Best wishes for your project. Yours sincerely

Lindsey MacDonald

Chair University of Canterbury Human Ethics Committee

APPENDIX 2 – Interview Protocol

Interview schedule

Firm: _____

Location: _____

Interviewer: _____

Interviewee: _____

Date/Time: _____

1. Introduction of the interviewer

My name is Xiaoli Zhao. I am a PhD student in the Department of Management, the University of Canterbury.

2. Introduction of the study

I am currently conducting a study of IJV strategy and collaboration from a sensemaking perspective. The aim of this thesis is to explain and probe into the practice and practices and interaction dynamics of sensemaking and strategising within the context of a Sino-NZ IJV collaboration.

3. Basic questions regarding the IJV background stories in general

- Can you tell me how the IJV is structured?
- Can you tell me how the IJV is operated?
- Could you tell me about your role in the IJV activities and how you perform your duties?
- What benefits has your company gained from the IJV?

4. Questions regarding IJV strategising and collaboration in general

- Could you give me an idea about how your company maintains and develops the IJV collaboration? Follow up question: Can you tell me about a specific exercise of collaboration that you have been involved in?
- Could you tell me about how decisions are made regarding IJV affairs? Follow up question: Can you tell me about a specific exercise of IJV decision-making that you have been involved in?

5. Questions regarding the understanding of sensemaking about strategising in general

- Why do you think your company chose CHD1/NZD1 as an IJV partner? Follow up question: What is your view of the IJV relationship?
- Could you tell me about a specific exercise of developing the IJV relationship that you have been involved in?

6. Questions regarding understanding of sensemaking about strategising, a selection of which were asked of each of the key participants who were involved in the research at either stage 1 or 2

- Why do you think the two parent firms have a different strategic focus on the IJV development? Follow up question: What are the major IJV collaborative problems from your perspective?
- Why do you think there is a lack of communication between the IJV functional departments? Follow up question: Can you tell me about a specific communication problem that you have been involved in?
- What do you think about the behavioural practices of your partner firm's executives? Follow up question: How do you resolve disagreements?
- Why do you allow your emotions to show at IJV board/inter-firm meetings?
- Why do you think CHD1 decided to allow its shareholding to be reduced from 51% to 38%? Follow up question: How has this change affected the IJV collaboration?

7. Conclusion and end of discussion

Is there anything else that I have not asked about that you would like to add?

APPENDIX 3 – Profiles of 6 Senior Managers from the IJV Partner Companies

<i>NZDI</i>			
Name	Title	Education	Experience
Jack	Executive and IJV board director	PhD in animal science	<ul style="list-style-type: none"> • 20 years' experience in New Zealand Dairy Industry; • 10 years in farm production research and development; • The funder of NZ Dairy, running the company over 7 years
Peter	GM	Bachelor of Food Science and Technology	<ul style="list-style-type: none"> • Over 16 years in the sales and management in the international dairy ingredient business • Worked at NZ Dairy for 2 and 4 months as the senior sales manager
Thomas	GM	PhD in Food Technology	<ul style="list-style-type: none"> • Over 8 years in food development • Over 3 years in management • About 2 years' experience in senior sales manager at NZ Dairy
<i>CHDI</i>			
Li Gang (CEO)	Executive	PhD in Food Technology	<ul style="list-style-type: none"> • Over 8 years' experience of teaching in a University • Worked at CH Dairy for about 15 years
Sun Peng	Executive and IJV board director	PhD in Marketing & Management	<ul style="list-style-type: none"> • Worked at CH Dairy over 42 years, witnessed and experienced CH Dairy' growth
Han Lu	Director and IJV board director	Master Degree in Food Science	<ul style="list-style-type: none"> • Over 15 years' experience in dairy industry • The Director of the Strategy Project Division and worked at CH Dairy for about 5 years
Da Feng	Executive and IJV board director	Bachelor of Accounting and Finance	<ul style="list-style-type: none"> • The CFO and worked at CH Dairy for 28 years

Note: All the names of informants and companies are pseudonymous in order to protect their identity.

Abbreviation:

GM: General Manager

APPENDIX 4 – A Summary of Interaction Process Analysis Functional Codes

Areas	NZD1	CHD1
Emotional actions	Show both positive and negative feelings towards another person at intra-firm meetings	Show positive feelings towards another person at intra-firm meetings
Performing roles	<ul style="list-style-type: none"> • Role-play is closely tied to job position and identity • Respect their equals and professional experience • Disagreements: One expresses opinions and challenges another person by asking questions until both achieve agreement 	<ul style="list-style-type: none"> • Role-play is closely tied to job position and identity • Respect age, experience and social status • Disagreements: No action taken to show disagreement with superiors' opinions
Producing strategy	<ul style="list-style-type: none"> • Conduct open discussion and ask for opinions • Test ideas in practice • Conduct follow-up discussions to produce strategy after testing those ideas 	<ul style="list-style-type: none"> • Senior managers conduct brief one-on-one conversations to collect information from their subordinates • Senior managers design strategy based on collected information and give instructions to their subordinates who implement
Making decisions	<ul style="list-style-type: none"> • Involve all participants in the decision-making process • Ask for professionals' suggestions 	<ul style="list-style-type: none"> • Senior management team take responsibility for decision-making • Middle management team and the front-line employees follow senior managers' lead without dissent

APPENDIX 5 - A Summary of Stage 2 Sampling Statistics

Sample size, n=30				
		Company		Independent Party
		NZD1 (n=20)	CHD1 (n=9)	CHD1 Lawyer (n=1)
Gender	Female	60% (n=12)	30% (n=3)	0% (n=0)
	Male	40% (n=8)	70% (n=6)	100% (n=1)
	Total (n=30)	67% (n=20)	30% (n=9)	3% (n=1)
Age (Years)	23-29	8	3	0
	30-35	6	3	0
	36-41	1	0	1
	42-45	5	1	0
	50-55	0	2	0
	Average age (Years)	33	36	37
	Average employment /contracted service (Years)	2	11.4	4
Total time of Interviews (hours)	37	22	14	1

APPENDIX 6 – Research Report

Research Report

A case study of an international joint venture: How key stakeholders make sense of their experience of a Sino-New Zealand collaboration

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Department of Marketing, Management and Entrepreneurship

University of Canterbury

ABSTRACT

This report provides the primary findings of an interpretive case study which focused on exploring how key stakeholders within two dairy companies made sense of their own and their partner company's strategic actions during the development of an IJV. This study develops a link between sensemaking and strategy practice in the context of a Sino-NZ IJV. It provides a model conceptualising the sensemaking discrepancies between the partner companies in the IJV collaboration. It also provides a model of sensemaking about performance that illustrates why sensemaking intertwines with strategy practice to influence collaboration, what aspects of sensemaking intertwine with strategy practice to influence collaboration, and how sensemaking intertwines with strategy practice to influence collaboration. The findings developed from this research have implications for the development of strategy theory, business practice, and future research. This case study research contributed to my doctoral study at the University of Canterbury.

Acknowledgements

The author would like to express sincere appreciation to all who contributed to this case study research by providing data, support, encouragement, professional advice, and time.

Introduction

Forming an international strategic alliance or international joint venture (IJV) has become a popular strategic approach for firms to gain access to resources and develop competitive capability (Calantone & Zhao, 2001; Hong, Snell, & Mak, 2016; Smith, 2016). Even though the number of domestic and international alliances has grown by more than 25% annually since 1990 (Ernst & Bleeke, 1995), the estimated 30-70% failure rate related to organisational change processes in the period of post-acquisition integration indicates that it is very difficult to run an IJV (Yang, 2011). Due to differences in cultural and organisational practices and differences in motives for entering partnerships, subsequent conflict, confusion, and loss of goodwill can arise in international business collaboration (IBC), and this may create fewer synergistic benefits than were originally expected (Choi & Beamish, 2004; Hitt, Dacin, Levitas, Arregle, & Borza, 2000; Vaara, 2003). Failure to remediate such situations may lead to communication breakdowns or uncomfortable and asynchronous behaviour in business collaboration. Interest in such issues led me to conduct a case study of a Sino-New Zealand (Sino-NZ) IJV collaboration in the booming dairy industry to investigate how key stakeholders make sense of their own and others' strategic practices and how key actors' strategic decisions impact on the maintenance and/or development of collaboration.

Pseudonyms are used to protect the identities of the individuals and organisations that participated in this research. For example, NZD1 refers to the New Zealand dairy company, and CHD1 refers to the Chinese dairy company.

Research Questions

After reviewing the extant literature on relevant topics, two main research questions were determined:

- How do key internal stakeholders in a particular Sino-NZ context make sense of and give sense to strategic actions related to the development and maintenance of an international business collaboration?

- How does this sensemaking and/or sensegiving influence international business collaboration in this case?

With regard to the first research question, the empirical evidence from this research suggests that practitioners from the IJV parent companies interpreted the IJV differently in terms of the concept, ownership, and collaboration of the IJV. For example, the Chinese practitioners interpreted the IJV as an overseas equity investment in the form of a subsidiary, and this in turn influenced their choice to play the role of a superior who should take responsibility to guide and consult for the strategic decision-making in the IJV, rather than committing to the daily operation and management of the IJV. The New Zealand practitioners interpreted the IJV as a strategic alliance, and thus reasoned each party should equally and independently contribute to IJV performance with an alignment of strategic purpose. Diversity in interpretations led to conflicts in the IJV from the time it was established, especially at board and senior management levels. These conflicts involved competition for control of board decisions and a reluctance to communicate and exchange information. Such disjointed collaboration at board and senior management levels created a lot of confusion, frustration, and stress for the middle managers working in the IJV's functional departments and increased the complexity of the IJV collaboration. This study suggests that uniqueness and complexity are inherent in the nature of an IJV, and an IJV's performance is influenced by the intersection of aspects at micro (individual), meso (organisational), and macro (institutional) levels which relate to local social and business practices, cultural values, and work environments, as well as practitioners' habitual behaviours, experiences, expectations, emotions, and attitudes. The interaction dynamics trigger sensemaking and sensegiving about strategic actions in the context of IJV collaboration, particularly when board directors and senior managers collaborate to create consonance and solutions to potential conflicts.

With regard to the second research question, empirical evidence from this case study suggests that practitioners from the IJV parent companies interpreted things differently due to the influences of the cultural values, social behaviours, rituals, and experiences that they were comfortable or familiar with, and this in turn produced the different ways in which they improvised their own strategic actions in response to the other. For example, CHD1's key actors believed that displaying good social manners and building trusting relationships were primary strategic behaviours to maintain and/or develop collaboration. In contrast, NZD1's key actors believed that displaying their abilities to make the right decisions for the IJV and

controlling their emotions in decision-making were primary strategic behaviours to maintain and/or develop collaboration. This suggests that in the complex context of an IJV collaboration, sensemaking and/or sensegiving itself becomes a strategic action that is tightly linked to individual narrative and professional identity. An individual's identity has a social feature that is strongly linked to the individual's own mythical and lived experiences. Mythical experience here refers to self-taught experience derived from a deliberate narration process involving either positive self-narration or organisational storytelling, while lived experience refers to life experience linking the past, present, and future. Given that diversity in experiences form different perceptions and expectations, it appears that key actors' strategic decisions and actions can substantively influence the IJV collaboration through their sense making of and sense giving to strategy practices during interaction.

Research Approach

A single case study of a Sino-NZ IJV was conducted. This took place within the broader context of the dairy industry and within the specific contexts of the New Zealand and Chinese dairy sectors. The background data reported here came from both secondary data sources (e.g., published papers and websites) and first-hand data sources (organisational documents and company websites).

Case study data collection and analysis lasted 11 months, from July 2013 to June 2014, and involved three stages. Case study data was collected using three methods or tools, namely, documents, interviews, (semi-structured interviews and sensemaking interviews), and participant observation. Stage 1 of data collection lasted 12 days and involved collecting documents and conducting semi-structured interviews with participants. Stage 2 of data collection lasted 48 days and involved conducting semi-structured interviews as well as observing participants in meetings and during their routine work and activities. Stage 3 of data collection lasted for 23 days and involved conducting sensemaking interviews with participants. Table 1 lists the primary data types collected, the data collection methods used, the number of data resources, and the amount of time spent on field research for each stage of the data collection process.

Table 1: Data Collection Stages/Timeframes, Data Types, and Data Resources

Stage/ Timeframe	Data Types	Methods and No. of Data Resources
<p>Stage 1 July 2013 - August 2013</p>	<ul style="list-style-type: none"> - Documentation - Narratives of IJV start-up strategising and collaboration 	<p>Documents: N=39 contracts (n=2) business plan (n=1) financial reports (n=3) meeting reports (n=12) organisational brochures (n=6) newsletters (n=10) copies of work emails (n=4) interview recording (transcribed) (n=1)</p> <p>Semi-structured interviews: N=7 3 interviewees from NZD1 at its headquarters 4 interviewees from CHD1 at its headquarters</p>
<p>Stage 2 October 2013 - April 2014</p>	<ul style="list-style-type: none"> - Participants' role-play and strategic actions during interaction - Interview accounts about how participants performed and collaborated with others in collaborative activities 	<p>Participant observation of meetings: N=16 CEO meeting (n=1) NZD1 senior management team meetings (n=12) CHD1's routine Strategy Department meetings (n=3)</p> <p>Participant observation of routine work and activities at NZD1 headquarters (8 days) at CHD1 headquarters (3 days)</p> <p>Semi-structured interviews: N=30 20 interviewees from NZD1 at its headquarters 9 interviewees from CHD1 at its headquarters 1 third-party lawyer for CHD1 at the Auckland office</p>
<p>Stage 3 June 2014</p>	<ul style="list-style-type: none"> - Sensemaking accounts of actors' reported strategy practices from Stage 1 and observed SP from Stage 2 	<p>Sensemaking interviews: N=15 8 interviewees from NZD1 at its headquarters 7 interviewees from CHD1 at its headquarters</p>

Data analysis consisted of three stages of interpretive analysis that followed each stage of data collection in an iterative process where new data were coded using codes developed from previous interpretive analysis of the data (Mills, 2010). This iterative process meant that when the codes did not accommodate the new data, revisions were made and when a good fit between data and codes was not found, further inclusive codes were devised in order to improve the data-code fit (Mills, 2010). For example, rapport that was built during Stage 1 helped encourage interviewees to talk freely in Stages 2 and 3; and Stage 1 codes helped structure approaches to collect in-depth data in the stages that followed. In turn, patterns and

themes emerged from the interpretive analysis of the data gained in Stages 2 and 3 using codes that had been previously developed.

Knowledge, as a product, was produced at each of the three stages of data analysis, so further work to regroup and redefine the candidate themes was required to ensure the data were appropriate, robust, and representative. This process resulted in a number of changes to the themes that were ultimately used to present the findings from this case study. The final products that resulted from each linked data collection and interpretive analysis stage were as follows: Stage 1 resulted in two composite narratives (one for each company); Stage 2 resulted in a comparison of strategy practices; and Stage 3 resulted in a theoretical framework and a model: a framework of sensemaking discrepancy in an IJV collaboration and a model of a sensemaking about performance. Ensuring internal and external validity was a considerable concern (Merriam, 1995), so multiple methods of data collection were used to enlarge data sources, and Nvivo (10) software was used for data analysis, facilitation, and storage. Moreover, abductive reasoning was used to present the process of case study research, providing interpretations of field experience, coupled with explanations of the relevant evidence. This suggests that the collaboration between the researcher and the practitioners allowed for producing the knowledge in a logical and trustworthy manner (Visconti, 2010).

Primary Findings

Perception of Misalignment Becomes a Barrier to Developing IJV Collaboration

Misalignment was the common feature identified by the key stakeholders. However, NZD1's key actors' perception of the misalignment was closely related to aspects of business strength, competitive abilities, strategic orientations, and boardroom manners, while CHD1's key actors' perception of the misalignment was more related to aspects of organisational culture, social behaviour, attitudes, trust, and interpersonal relationships. This suggests that perception of misalignment was closely linked to the key stakeholders' judgement of available abilities, benefits, and resources (e.g., human resources, material resources, and market resources) along with their interpretation of ongoing collaborative events and activities.

The level of perceived misalignment changed over time and was influenced by perceived outcomes of others' performance in the IJV collaboration. For example, during the IJV

negotiations, CHD1's key stakeholders initially believed that NZD1 met their main criteria for a suitable IJV partner, even though CHD1 regarded NZD1 as a small company with average technology skills. However, during the 3 years of collaboration, CHD1's key stakeholders came to perceive that NZD1 had misaligned cultural values, management skills, strategic orientations, and work enthusiasm, and this perceived reality influenced their perception that NZD1 had failed to match CHD1's expected performance levels. NZD1's key stakeholders' perception of their partner also changed during the IJV collaboration. During the negotiations, NZD1's key stakeholders were aware of a strategic misalignment whereby CHD1's prime focus was on the development of a co-branded infant formula product for the Chinese market, rather than on the range of products NZD1 was keen to develop for the international marketplace. During the collaboration, NZD1's key stakeholders came to regard their counterparts' behaviour at board meetings as being immature, displaying an inability to argue effectively and be decisive in decision-making. Accordingly, they steadily came to the conclusion that CHD1's organisational culture, business practices, strategic practices, and commercial values were misaligned with their own. It is apparent that both IJV partners changed their opinions over time. As the IJV progressed, they appear not to have made any combined or concerted effort to address the issues and develop aligned strategy practices, and thus their regard, appreciation, and respect for each other declined substantively. As a consequence, their ability to derive mutual benefits became increasingly limited.

There is clear evidence that although both sides perceived some initial misalignment during the IJV negotiations, they decided to proceed with the formation of the IJV anyway, because doing so enabled each of them to satisfy their different but urgent needs to obtain important resources. This suggests that the decision made to form the IJV was a deliberate course of action, with clear strategic purposes. According to this perspective, when business enterprises enter into a strategic alliance or an IJV with a focus on satisfying urgent needs, they are likely to pay less attention to aspects of misalignment than would normally be considered prudent. In addition, the level of misalignment will likely increase over time unless partners recognise the misalignment and make mutual concerted efforts to address the issues and resolve potential conflicts or problems that become apparent in the collaboration. As a consequence, misalignment can become a barrier to the continued development of an IJV collaboration.

A Sensemaking Discrepancy Embedded in the IJV Relationship Disrupts the Collaboration

A sensemaking discrepancy (SMD) was embedded in the IJV relationship and resulted from differences in the partners' strategy practices, learning and communication approaches, habitus, and experience. In turn, the IJV partners experienced multiple challenges in their efforts to maintain and develop the IJV collaboration. This shows that an embedded SMD is a key influential aspect that disrupts collaboration, mutual learning, mutual communication, and knowledge sharing between alliance partners. This suggests that collaboration is substantially disrupted by the effects of a SMD rather than by the effects of national culture alone.

Evidence shows that both companies regarded themselves as the "real owner" of the IJV and believed that the strategic plan should be in line with their own strategic orientations. Furthermore, each partner company not only believed that it had the right to formulate IJV strategy, but also that it was also better qualified to do so; thus, misalignment of the companies' strategic ideas, strategic orientations, and strategic planning presented many challenges and frustrations. For example, NZD1 believed that its management team ran the IJV and that it was the management team's role to both formulate and implement IJV strategy, whereas CHD1 believed that, as the majority shareholder, it had the right to formulate IJV strategy that NZD1 should then implement on its behalf. This conflict appears to have driven the partners to engage in divisive competitive activities for control of decision-making in the IJV, rather than pay attention to improving mutual learning and communication, thereby enhancing the IJV collaboration.

Further to this, key stakeholders' narratives revealed that CHD1's actors had good intentions in their attempt to ease communications by adopting an open and direct communication style that NZD1's key actors seemed to prefer at meetings, but their New Zealand counterparts' actions in response suggest that this strategy caused them to become suspicious. This is indicated by the way that NZD1's key actors kept their distance and tried to guess the meaning behind the words of their Chinese counterparts, rather than accepting their words at face value, talking openly, and sharing information. This resulted in CHD1's actors feeling that they were not able to gain the trust of their counterparts. This suggests that the partners' *reverse communication* behaviours appeared to display personal characteristics tightly linked to experience, dispositions, skills, emotions, and expectations. Inverse communication behaviours refers to situations where rather than communicating using the habitual communication styles of their own culture, partners adopted the communication style of their

counterpart's culture. In other words, the Chinese actors used an open and direct Western communication style, while the New Zealand actors used an indirect Chinese communication style. According to this perspective, in the complex context of an IJV collaboration, barriers to communication substantively impact on perception or sensemaking about the other's way of thinking and conducting business, particularly in situations where a low level of trust and a lack of attention to mutual learning and knowledge sharing, in combination with an absence of appreciation of each other's organisational cultures, business practices, and habitus, contribute to an emergent sensemaking discrepancy between the partners, resulting in IJV collaboration difficulties.

Collaboration Focused Interaction Is the Underlying Mechanism Influencing Emergence of Sensemaking Discrepancies about Performance in this IJV Collaboration

This case study provides empirical evidence that collaboration focused interaction (CFI) is the underlying mechanism influencing an emergence of sensemaking discrepancies about performance in an IJV collaboration because it plays the role of a "site" where participants are bound together in social activities which comprise an inherent part of the site (Schatzki, 2005); thus, a change in the degree of CFI substantively impacts on how key stakeholders make sense of strategy practices in collaborative activities. Following a change of CFI, participants' sense made of their own and others' performance changes. Moreover, the case study data reveals that micro-strategising and meso-strategising are intertwined with, embedded in, and influence changes in the level of CFI, and this substantively impacts on the shape of sensemaking actions and the emergent sensemaking discrepancies about own and others' performance. This finding demonstrates the important effect that the interplay of sensemaking and micro- and meso-strategising has in an IJV collaboration.

Evidence shows that the key stakeholders perceived their own performance to be superior to that of their counterparts, and the level of participation in CFI, involving mutual communication, mutual learning, and knowledge sharing, was not developed or paid attention to during the 3 years of IJV collaboration. This suggests that in the complex context of an IJV collaboration, engaging in CFI can help develop collective sensemaking about IJV strategising, and consequently, narrow the sensemaking discrepancies between prospective and perceived performance outcomes (see Figure 2). However, the theoretical implication of this study is that building collective sensemaking about IJV strategising is an important step to reduce uncertainty in the collaboration. This is consistent with previous literature

suggesting that reducing uncertainty in international business collaboration is regarded as one of the first important steps in problem-solving (Dougherty & Dunne, 2012; Kotlarsky, van den Hooff, & Houtman, 2015; Loch, Solt, & Bailey, 2008).

The Theoretical Models

The findings of this case study led to the generation of conceptual models. The model (see Figure 1) represents the sensemaking discrepancies between the partner companies in an IJV collaboration.

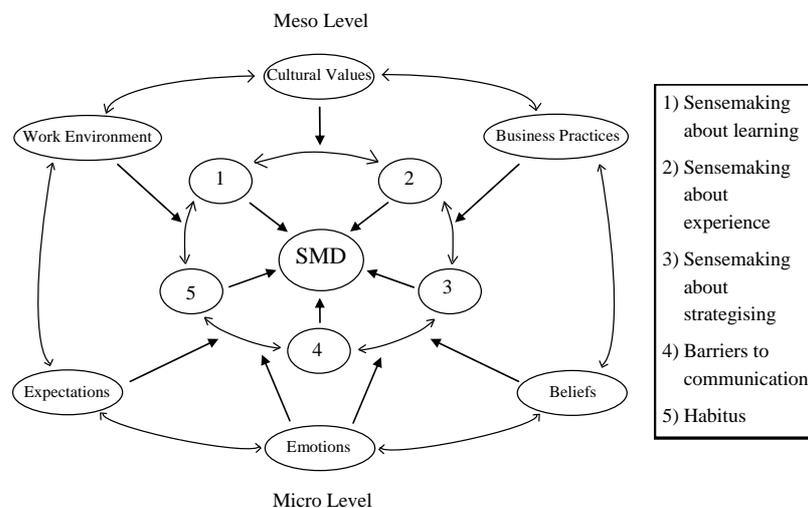


Figure 1: A Model Representing Sensemaking Discrepancy in an IJV Collaboration

As shown in Figure 1, the emergence of a sensemaking discrepancy (SMD) is directly influenced by 11 interactive primary attributes including sensemaking about learning, sensemaking about experience, sensemaking about strategising, barriers to communication, habitus; and meanwhile is indirectly influenced by other attributes such as cultural values, business practices, work environment, expectations, emotions, and beliefs. Accordingly, an emergent SMD resides in an IJV relationship. This model also explains why key stakeholders interpret their experience in creating and/or developing an IJV collaboration differently in terms of approaches to an IJV opportunity, negotiation, communication, and collaboration.

There are particular observed phenomena that support the development of this model. First, misalignment of strategic purposes for entering into the IJV, coupled with deviations of expectations of IJV performance outcomes increased the level of ambiguity and uncertainty

in the collaboration and, in turn, decreased the level of mutual trust. As a result, attention paid to mutual learning and communication decreased over time.

Second, the business practices and cultural values of the partner companies were misaligned. However, due to an urgent need to enter into the IJV, neither company held discussions about potential conflicts or problems that could occur on account of them not fully meeting each other's criteria. As a result of their failure to formulate strategies to cope with these potential conflicts or problems, ambiguities embedded in the contract terms combined with an absence of detailed procedural responsibilities resulted in a misunderstanding of contractual behaviours. This caused frustration and dissatisfaction during the IJV collaboration.

Third, misalignment of strategising, coupled with an insecure IJV relationship resulted in competition for control of decision-making at both board and management levels. In addition, a lack of mutual open communication between senior managers from the two partner companies created stress for middle managers engaged in the IJV's collaborative activities.

Fourth, even though all participants acknowledged that there were problems and frustrations evident in the collaboration, none of them offered the opinion that their team could have done things better or that their own actions contributed in some way to the problems and frustration experienced in the collaboration.

The conceptual model represents the sensemaking about performance in an IJV collaboration (see Figure 2). This model demonstrates the flow of sensemaking actions situated in the complex context of an IJV collaboration and the impact of the interplay of sensemaking about own prospective performance and sensemaking about others' performance on the maintenance and development of the IJV collaboration over time.

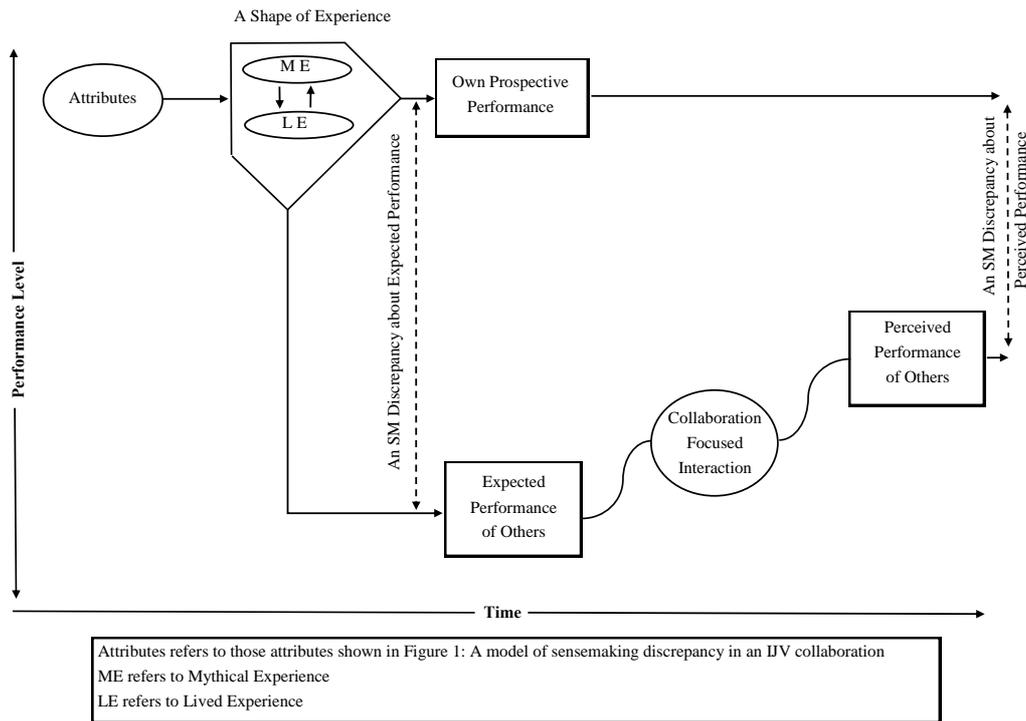


Figure 2: A Model of Sensemaking about Performance in an IJV Collaboration

The model in Figure 2 shows that in the context of a start-up IJV collaboration, actors are more likely to use their own prospective performance as the criteria to measure or value others' performance, especially when a sensemaking discrepancy is embedded in the IJV relationship. The interplay between mythical experience (i.e., self-taught experience derived from a deliberate narration process involving either positive self-narration or organisational storytelling) and lived experience shapes an individual's perception of their own experience, which in turn influences their own prospective performance, and the expected and perceived performance of others during interaction. Collaboration focused interaction (CFI) is considered as the underlying mechanism influencing how actors make sense of others' performance. For example, investing more time in mutual communication and social activities can lessen the gap between one's own prospective performance outcomes and the perceived performance of others, which in turn can increase the level of trust and thus help to maintain and/or develop the IJV collaboration.

There are particular observed phenomena that support this model. First, in the complex context of this Sino-NZ IJV collaboration, actors' sense made of strategic actions appears to have been tightly linked to the interplay of their mythical and lived experience and sensemaking actions appear to have been reshaped during CFI. In other words, in this

collaborative situation, actors were more likely to judge their counterparts' performance by comparing it with their own prospective performance and outcomes which were based on a combination of both their mythical and lived experience. Accordingly, their own prospective performance appeared to be judged as superior to that of others, and thus dissatisfaction with others' performance in the IJV was likely to have occurred. In this context, and especially during the start-up of the collaboration, the IJV partners appear to have been more inclined towards safeguarding their own strategic interests by either using strategies that were well-established in their own company or using the other's weaknesses, such as a poor understanding of contracts or a lack of ability in the use of English language, to gain control. As a result, the partners seem to have involved themselves in competitive activities for control of the IJV, and the level of their involvement in CFI appears to have led to the direction in which the IJV developed, as well as the way in which the collaboration was maintained.

In this case study, there were examples of actors giving sense to their strategic actions in which they attempted to influence others' strategic decisions or actions towards their own strategic goals, but there was little evidence that sensegiving about strategic actions had an effect on the others' strategic decisions concerning the development of the collaboration. It appears that as the collaborative problems emerged, both partners became progressively entrenched in their own positions. This suggests that it is essential for key actors to engage in CFI that enables them to develop collective sensemaking about strategising, learning, and communication, which in turn can enable the interplay of sensegiving and sensemaking to influence strategic actions towards the enhancement of an international business collaboration. It also suggests that the process of sensemaking about strategic actions or IJV strategising may differ from the process of sensegiving about strategic actions or IJV strategising, and sheds light on the need for future research in this area. Moreover, the case study data related to sensemaking about strategy practices is based on key actors' reported strategy practices rather than on participant observation of real-time IJV negotiations or IJV strategising activities, and this limited the ability of the researcher to probe the CFI in which the interplay of sensemaking and sensegiving influenced others' decisions or actions.

Second, in this case, sensemaking is defined as a strategic action whose shape can be influenced by micro-strategising and meso-strategising attributes. In the context of the start-up of this IJV collaboration, there are clear differences in both micro and meso strategy

practices between the partner companies, and the differences caused a discrepancy in sensemaking about the IJV performance. However, the partners appear to have paid little attention to resolving the emergent or existing problems that led to disjointed collaboration, and to have chosen instead to complain about their counterpart's performance. The model provides an explanation for why disjointed collaboration occurred in this case by demonstrating the effects of four important attributes on the shape of sensemaking actions in the IJV strategising and collaboration, namely, "alignment," "knowledge sharing," "trust," and "communication."

Contributions and Implications

These findings will enable cross-cultural practitioners to advance an understanding of the following: (1) Why complexity and diversity in an IJV triggers sensemaking about strategic actions; (2) What cross-cultural practitioners can do to maintain and develop collaboration; and (3) How sensemaking interacts with strategy practice to influence collaboration. This study contributes a theory about how key stakeholders make sense of strategic actions in an IJV collaboration by weaving sensemaking and strategy practice together.

The findings developed from this case study research have implications for company practice and for future research in this area. The first implication is that when choosing an IJV partner, it is important to identify whether the potential partner company has similar organisational cultures and strategy practices by carefully reading through the organisational stories that have been published on the company's website and documents or through communications. Shared storytelling can play a positive role by centring the collective meaning of practices, principles, and norms that enable organisational members to drive collective acts within the IJV. Misalignment of organisational stories indicates potential conflicts between the partner companies, and this may lead to a breakdown of IJV team unity and collaboration.

The second implication is that when setting up an IJV, the formulation and documentation of detailed IJV operational manuals, principles, and issues related to training and risk management is an essential practice because coherence of discourse can improve the collective sense of communication, and in turn help maintain and develop the collaboration.

The third implication is that it is important to be aware that a sensemaking discrepancy embedded in an IJV relationship, rather than national culture alone, can disrupt collaboration, mutual learning, mutual communication, and knowledge sharing between alliance partners. Moreover, increasing the degree of meaningful interaction (e.g., organising open multiple communication channels to share information, setting up regular seminars or workshops for IJV staff training exchanges) can help reduce the degree of sensemaking discrepancy between the IJV partner companies. This, in turn, can help build a trusting IJV relationship and increase an appreciation of each other's cultures and business practices, and consequently improve both the actual IJV performance and satisfaction with the IJV performance and collaboration.

The fourth implication is that because long geographical distances and use of different languages can become potential problems when engaging in daily IJV management and operation, it is important to use the IJV as a bridge to gain access to international human resources and recruit local managers with the expertise to manage potential conflicts and develop mutually beneficial collaborative outcomes.

Suggestions

The findings and the model derived from this case study provide suggestions for future research. The first is to explore in greater detail how differences in expectations lead to different trajectories of strategic actions in an international business collaboration. The second suggestion is to further investigate how sensemaking and sensegiving are used as strategies to influence the other partner's decision-making. The third suggestion is to examine more closely, and in other settings, the particular power competition games and policies that are likely to be involved in the struggle for control of a decision-making process.

The findings and the model provide valuable suggestions related to the formation and management of an IJV. First, before entering into an IJV, it is essential for enterprises to critically analyse a potential partner company's detailed background and attributes in order to ensure that the company will satisfy each other's criteria and to mitigate the risk of misaligned strategic directions and practices, which can result in disjointed collaboration. Second, routine is not always stable, especially during IJV start-up and initial collaboration, because partners often attempt to defend their own positions, interests, or expectations, and this can give rise to competition for control of decision-making, leading to a collapse of trust.

Therefore, it is necessary to improve key stakeholders' sensemaking ability (i.e., making sense of and giving sense to strategic actions) through mutual learning about how the partner companies' senior managers structure strategy practices and organisational storytelling. This approach can help cross-cultural practitioners to improve their collective sense of strategising, which in turn will help avoid conflicts in decision-making and enhance IJV performance.

Conclusion

Both participating companies in this case study overlooked taking four actions that could have ensured the smooth progression of the collaboration. These were to: (1) take more time to check that their strategic outlooks were well aligned and to agree on the timeframe in which important milestones were to be completed; (2) ensure that the decision-making process, both at board and operational levels, was agreed on and well documented; (3) organise face-to-face meetings of the management teams before entering the collaboration to enable a better understanding of each other and their differences; and (4) make a concerted effort to improve mutual open communication and give more consideration to their partners' needs and expectations. The oversight of these actions may have arisen because each company regarded themselves (i.e., enacted the sense of themselves) as the "real" owners of the IJV and because they had an urgent need to complete the negotiations in order to satisfy their own different strategic purposes.