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# **Managerial Learning from Economic Turbulent Conditions in Petrochemical Industry**

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# **Managerial Learning from Economic Turbulent Conditions in Petrochemical Industry**

## **Abstract**

This research seeks to provide fresh insights into the managerial learning of turbulent sociopolitical and economic conditions in the petrochemical industry. The study highlights the importance of various aspects of turbulent economic conditions within the petrochemical industry; however, it emphasizes the role of manager as pivotal to the business's success. There is a small amount of information available on the role of management under turbulent Middle Eastern petrochemical industry. Therefore, this research aimed to investigate the circumstances surrounding the conducting business interactions in a complex, volatile condition such as the Iranian Petrochemical Commercial Company (PCC) with many economic and technical challenges. The data collected from interviews were analyzed using Interpretative Phenomenological Analysis (IPA). The determinant that appeared to dramatically affect the firms' survival was found to be the management's competence. This study provides evidence for future-orientated learning outcomes, enhancing awareness and preparedness of the firms for future activities.

**Keywords:** Managerial Learning, Interpretative Phenomenological Analysis (IPA), Turbulent Conditions, Petrochemical Industry

**Track:** Inter-Organisational Collaboration: Partnerships, Alliances and Networks

**Word Count:** 5405 Words

## **1. Introduction**

Iran is a good representative of the Middle East countries, with its vast deposits of oil and gas resources, a well-developed petrochemical industry, a little-understood culture and a very complicated political situation. Iran ranks among the first five countries for both oil and gas reserves in the world (Business Monitor International, 2018), and enjoys a unique position at the center of global energy, and also marine access to the Persian Gulf (Business Monitor International, 2019). Therefore, Iran has some prominent characteristics, with its world geopolitical position and geostrategic importance, and its hydrocarbon deposits (Abolhosseini et al., 2017).

The petrochemical industry which is at the core of the country's economy provides a tremendous amount of revenue to the government. This has encountered numerous internal and external challenges that have exerted severe pressure on the industry since the mid-1990s in general, and from July 2010 in particular. On the whole, these challenges include aging technology and the influence of political issues within the economic arena among others.

## **2. Literature Review**

Organisations need to have relationships with other organisations to survive and grow (Parmigiani and Rivera-Santos, 2011). In this regard, to ensure such organisations' proper actions and activities in the 21st century, communication and sharing information have become especially important topics to study (Biggermann, 2012).

In the modern business domain, communication is synonymous with information (Dainton and Zelle, 2011). Dainton and Zelle (2011) also highlight that communication is professed as a magical elixir, one that can warrant a happy long-term business relationship and can guarantee organisational success. In this line, Berelson and Steiner (1964, p.254), stated that "*Communication [is] the transmission of information*".

The global energy and petrochemical market is a complex market which encounters the most critical business transactions (Bauer et al., 2016, Research and Markets, 2017). The quantity and quality of the transactions are high and, due to various influential aspects, it has become one of the most important and influential markets throughout the world (Bahgat, 2011, Research and Markets, 2017). In this regard, the study of inter-organisational relationships (IORs) in this global market is interesting, where the business environment is complex and volatile and greatly depends on various aspects. This becomes more and more stimulating where the process of conducting trade among petrochemical organisations is subject to a variety of organisational, human, environmental, political, economic and

technological influences (Davidson, 2011).

There is only a small amount of information concerning the role of management and IORs in the petrochemical industry under business volatile conditions. Therefore, this issue requires further study. The outcome of this research will, therefore, provide useful insights into the essential aspects that influence business interactions in general and how; in particular, these aspects are more highlighted while conducting business in regions with different socio-cultural and socio-political backgrounds such as the Middle East. Besides, this research will provide a clear picture of how within the petrochemical industry, management and IORs impact business interactions, and how and to what extent they are interrelated.

### **3. Research methodology**

This study adopts the Interpretative Phenomenological Analysis (IPA) qualitative research strategy that attempts to understand the respondents' viewpoints by encouraging them to share their lived experiences. The analyst's interpretation is based on the participants' experiences, and who is also involved in making sense of what is happening to them (Smith et al., 2009).

Smith et al. (2009) recommend up to nine sample sizes for IPA studies. In this study sample size was 23, large enough for IPA research. Smith et al. (2009, p.49), also stated that "IPA research very often requires a fairly homogeneous small sample size for which the study is meaningful in the field in question". Based on such a notion, the co-researchers who participated in this research were highly informative- directors, managers, and senior executives from the petrochemical industry.

The reason for just focusing on PCC as a company in Iran's petrochemical industry, to gather the required data, was that this company is one of the largest corporations in the Middle East region that is involved in petrochemical trading worldwide (Business Monitor International, 2018). PCC is the only company in which the majority of its managers and employees have up-to-date information and knowledge regarding the import and export of petrochemical products and services. They are the key responsible people who are in charge of national and international business interactions and transactions.

Based on Van Manen (1997) principles and Smith et al. (2009) guideline, the opinions and experiences of 23 research participants were collected through in-deep semi-structured interviews. By interviewing the co-researchers, a tremendous amount of textural data was obtained and analysed in chronological order until reaching theoretical saturation (Moustakas, 1994). To improve the research quality, Yardley's (2000) four principles were employed.

## **4. Findings and interpretations**

Following the IPA approach, a hermeneutic phenomenological process continued and repeated many times. In this way, the following six major themes emerged: Nature of IORs, Trust, Management, Environmental aspects, Technological aspects, and Challenges.

### **4.1. Nature of inter-organisational relationships**

Several issues including political, economic, and socio-cultural are forcing organisations into close collaboration. Today, substantial IORs are established to achieve certain long-term interests. Arguably, organisations seek to reduce operational costs and overheads, leverage shared resources or increase production and services. To this end, inter-organisational collaboration and cooperation are imperative.

Based on this notion concerning the nature of IORs' components, creating shared understanding, sharing information, establishing and maintaining the relationship, and effective communications could be critical components for the achievement of a B2B relationship.

Essentially, a successful business relationship is a function of many attributes such as effective communication, which contribute to the quality and quantity of business transactions. An essential requirement in IORs is communication, which is a great starting point for establishing business relationships. A significant goal of communication in business is developing relationships and shared understanding. The crucial line of reasoning is that there is a reciprocal impact between relationship, communication, and shared understanding. In reality, collaboration in trading is to a large extent based on sharing information. Sharing information enables shared understanding, shared understanding relies on information, and information can be collected through communication. According to Stoel and Muhanna (2012), the presence of trust is crucial as it acts as a lubricant in all trading process. Therefore, understanding, communication and information sharing are somewhat intertwined, and trust acts as a crucial lubricant in each phase of this process.

The implication here is that constructive communication is imperative to successful business interaction. Co-researchers seemed to imply that trust, relationship, communication and shared understanding are four interrelated components of a successful trading process.

To commence IORs with trading partners, it is necessary to have shared understanding, pursue transparency in trading and create a fairly strong positive attitude in the domain of the business win-win scenario. The mutual benefits and

shared understanding are the consequences of sound relationships with others in the business.

## **4.2. Trust**

Trust is a complex concept with a number of distinct dimensions. Credibility, integrity and benevolence are integral parts of trust, and are key in inter-organisational interaction (Bachmann and Inkpen, 2011).

A lack of trust is hampering business to a large extent. In the absence of trust, the draconian management methodology is implemented. For example, management imposes rigorous control of all aspects of communication and demands inflexible bureaucratic interaction with customers and peer companies. The consequences of such unfair and undue control and unsound measures are the loss of critical mass, loss of liquidity, isolation and even bankruptcy. Therefore, under these circumstances, when one of the IOR elements becomes less flexible, other aspects likewise turn out to be less influential in an IOR. Without trust, relationships and communications follow a formal style, and information exchange and shared understanding are limited. Also, due to onerous documentation, day-to-day activities will not be performed smoothly and may even become an arduous task.

Most co-researchers believe that integrity, transparent information, the expectation of benefit, fulfilment of obligations and customer satisfaction are crucial aspects in creating trust. On the whole, the co-researchers agreed that trust and business relationships each have a reciprocal impact on the other and are intertwined.

## **4.3. Management**

A manager must be appointed through meritocratic principles (of great importance under volatile conditions). All co-researchers acknowledge the critical importance of management in the dyadic business relationships of a trading firm. Evidently, management is a complex task and a multidimensional phenomenon. Clearly, efficient management plays a crucial role in the IORs of a company like PCC. Meritocracy appeared to be a vital aspect in selecting senior executives and managers within the firms and businesses. However, the lack of a thorough meritocracy is one of the major challenges within PCC.

Overwhelming of co-researchers shared the opinion that CEOs and managers carry the major responsibility for organisational success (or failure), and as such, they need to be resourceful and adaptable. In this line, Mahdavi believes that “*managers are the most important and powerful people within a firm in terms of their discretion in decision-making and in their ability to set and alter operational steps in trading*”. He went on to say that “*a creative and competent manager requires the talent and abilities to understand the company thoroughly, with knowledge of governance to*

*assist the firm's operation*". However, he believes that *"PCC's managerial team suffered from a lack of management creativity"*. To deal with this problem, he suggested that *"managers should vest more trust in their staff and provide more incentives for the workforce, with the likely results of improving the firm's governance. Sadly, nowadays such practices are scarce"*. HassanZadeh agreed with this, and also highlighted the supreme importance of managers to the firm. The issues of managers' abilities and characteristics appeared to be a major theme during the interviews.

Another important aspect of management qualities was their efficiency in dealing with inter-organisational matters. Khatibi believes that *"...the public relationship is a key element of an organisation's success, and the manager must pay special attention to building relationships within and between organisations"*. He went on to say that *"forming good public relationships is the best starting point in business communications through which shared understanding is achievable and any potential problems can be readily resolved"*. Therefore, to foster collaboration with petrochemical producers, the senior management of PCC had to provide, and be seen to provide, win-win scenarios not only for PCC but also for its trading partners.

Certainly, creating advantageous circumstances for business partners contributes to their satisfaction. In this line, Hosseini was of the opinion that *"placing focus on customer satisfaction is crucial in improving business practices. Customer attraction and retention, as well as employees' satisfaction, are major components of a successful business strategy and are indispensable elements in any trading interaction"*. Hosseini also argued that *"a manager must have the ability to predict organisational needs based on market demand and IORs"*. In line with this view, Khatibi said, *"The manager must be able to predict needs through market conditions, good providence and relationships"*. Mahdavi, asserted that *"competent managers in the petrochemical industry should disclose the governance under which the company operates"*. On the whole, the manager should create win-win scenarios in trading petrochemical products.

#### **4.3.1. Efficient management**

The majority of co-researchers stated that *"efficient management utilises teamwork and manifests a participatory form of management. In addition, a savvy management monitors the firm's situation within the market, minimises risk and opportunistic behaviours and tries to avoid crises by making accurate and quick decisions"*. In this line, Jamshidi believes that *"...managers' capabilities and competencies do have a great impact on firms' performance and presence within the business environment"*. Therefore, some form of management methodology is required to be in place.



Successful businesses are those which are competitive over time. To this end, the management of a firm whose business is booming moves swiftly to take full advantage of the opportunities that can be exploited and strives to increase brand loyalty by word of mouth as well as through other excellent forms of communication. Management practices are dependent on other business functions, and managers are the key liaison people in organisations (Drucker, 2011). An overwhelming number of co-researchers stated that “*Manager should have the competency and experience to manage and align different departments as well as their personnel in such a way to accomplish their tasks and help the organisation to accomplish its mission*”. Therefore, the manager needs to be a competent person with necessary and special skills because, through their competencies, they could help the organisation to hire other experts and professionals who could contribute and manage the businesses effectively and efficiently within the business environment under certain circumstances. These sentiments are in agreement with Henneberg et al.’s (2010) argument that the managerial task is a complex and multidimensional duty. Having the right enthusiastic people in the right positions within an organisation helps organisations and businesses to operate properly and successfully in the trading environment, and also helps to improve the competitive edge.

#### ***4.3.2. Goal and result oriented***

The goal of a successful firm is to achieve a competitive advantage over its competitors (Kumar et al., 2011). Under current volatile market conditions, operational issues which are goal-oriented and intrinsically related to financial issues seem to be highly significant for business success. Therefore, when seeking lucrative markets, a detailed pricing analysis coupled with target market positioning become indispensable components of a successful approach. In line with this, YousefiNejad stated that “*Management has to have clear goals and should follow certain national and international standards for competing in the different markets and must have adequate knowledge to act properly in the competition arena*”.

#### ***4.3.3. Good relationships with others***

Generally, a strong management team and abundant resources are required for any firm to recover from a global recession or economic downturn and become a dynamic firm. To that end, following relationships, efficient communication is always an important issue in the managerial task. In a highly competitive business environment, good public relationships and sound business management not only target success, but they also enable a business to survive (Henneberg et al., 2010). Khatibi stated that “*in today’s modern business world it is necessary for managers to have good public relationships, and this is not limited only to the national market, it is also necessary for building international business relationships*”. Therefore, the management team learning and developing networking and public relationship skills

appears to be an important prerequisite for sustainable and successful business in today's competitive world.

#### ***4.3.4. Long-term experience***

Managers' long-term experiences and creative thought do affect business relationships. In line with this view, Mahdavi stated that *"the management has to have adequate knowledge and awareness to act in the market, and enough experience to manage the business in certain circumstances based on requirement. In the petrochemical industry domain, previous successful business experiences are of the utmost importance in building business relationships and are considered one of the essential prerequisites for establishing trust and continuing business"*. Therefore, strong leadership through experience within organisations could guarantee business success.

#### ***4.3.5. Predicting and monitoring markets and rivals***

Efficient management closely monitors market competitors and takes full advantage of their rivals' faults and mistakes. Through competency and long-term experience, managers do have the capability to monitor the market and to some extent predict the processes involved in a business. According to Khatibi *"...managers must be able to predict the requirements and needs of the firms and organisations through market conditions and good business relationships. On the whole, an eligible and competent manager has a wide view and considers all the aspects of the issues at hand thoroughly"*.

The importance of strong management could be more perceptible under crisis conditions. Arguably, a global recession and fiscal crises are very serious, and an efficient management team is absolutely required to navigate these horrendous business situations. Therefore, under such circumstances, competent management is vital but, sadly, very often it is not achievable. Certainly, savvy management plays a unique and paramount role in the success of a company, especially under abnormal, volatile and crisis conditions.

#### ***4.3.6. Customer and employee satisfaction, and alignment of assets***

Customer and employee satisfaction is a critical sign and aspect of a firm's success (Vachon et al., 2013). Satisfaction is related to a number of important features and aspects such as trust, critical mass, liquidity and management. Therefore, having adequate knowledge to respect and understand the customers and employee is indispensable in doing business and is an important task for management.

Sustainability in business relationships is the result of satisfaction, which happens when trust among the business partners is stable and when business among the

business partners is profitable. In agreement with these sentiments, several scholars (e.g. Klerk, 2012, Abosag and Lee, 2013) argue that trust leads business relationships towards success and profitability through sustainable and enduring relationships. In line with the views presented by these authors, Jamshidi and YousefiNejad) argued that *“Business managers have to thoroughly understand that various features and aspects, such as trust and relationships, are intertwined”*.

Generally, the success of a firm in a competitive business environment highly depends on management’s strategic planning and its successful financial achievement (Drucker, 2011). *“A successful business manager has to decide on aspects such as flexibility, price and quality of goods, trust and commitment, among others”*. (HassanZadeh; Mahdavi). Hosseini, asserted that *“customers’ attraction and retention are crucial factors for business success, as those are very important for business sustainability. Nevertheless, to have a successful and profitable business, the alignment of capabilities and assets is highly important”*.

According to Brunn et al. (2002, p.289), core features with a unique strategic position are very important. Therefore, in the alignment process, technology is the first choice. Bearing in mind that organisations will encounter strong competition from peer industries, those firms with goals that are aligned with their IT strategy, structure, capabilities and assets, can survive and be competitively successful. Therefore, IT alignment will be a more crucial element within organisations in the years ahead.

The importance of capabilities and assets’ alignment impact on interaction has been documented previously (Ghosh and Scott, 2009). In line with the literature, the findings from this research confirm that aligning IT with business in the presence of trust improves IORs in trading. YousefiNejad agreed with this sentiment and stated that *“...nowadays business without IT is meaningless”*. In the alignment process, in order to provide the foundation for an organisation’s success, the focus should be on those aspects that are core to current research.

#### **4.4. Environmental aspects**

The environmental aspects greatly influence the IORs and state’s economy; therefore, to establish a common understanding of their impact, sanctions as the most important factor among political aspects were considered.

##### **4.4.1. Sanctions**

Sanctions are hampering, even devastating, Iran’s oil exports (Katzman, 2013, Patterson, 2013). However, Iran has managed to endure unbearable pressures, but sanctions have bitten deeply into its economy (Farzanegan, 2013). Due to EU member countries and US measures, oil exports from Iran have decreased sharply (Patterson, 2013). Hence, Iran has lost billions of dollars in oil revenue. The adverse

impact of such a catastrophic event on the economy resulted in soaring inflation and a devaluation of the Iranian national currency. According to the US Congressional Research Service (Katzman, 2013), Iran could adjust to sanctions. However, due to the widespread sanctions, economic unhappiness is clearly palpable.

*“Nowadays, due to the intense competition and volatility in the business environment, which is a consequence of political issues such as sanctions, businesses need to show more flexibility in conducting business”.* (HassanZadeh). In turbulent trading environments, flexibility appears to be an important prerequisite for increasing the level of trust in trading.

On the whole, all co-researchers agreed that large similarities do exist in their perception of the adverse impact of sanctions on trading. This is not surprising, in fact, it is common sense; considering the multidimensionality of sanctions, and their hampering pressure on economics, their devastating impact is plain to see.

#### **4.5. Technological aspects**

With the advent of Information Technology (IT), organisations attempted to develop information systems to facilitate the efficient sharing of information and transactions between companies (Barua et al., 2007). Kim and Lee (2006) stated that user-friendly IT applications might increase the information-sharing rate between firms. Therefore, within an organisation in general, and trading organisations in particular, if the implementation and use of IT faces constraints, IT usage will be hampered, and information-sharing activities might be negatively affected.

All co-researchers agreed that IT is essential in any modern business. IT helps by saving resources, providing the required information and, among many other valuable uses, also offers convenience to business participants, especially those distributed in time and geographically. In the same vein, there seemed to be similar thoughts among the co-researchers about PCC’s technological platform and capabilities. Almost universally co-researchers held the view that the present technological platform and mechanised system are operating well, however, some more sophisticated hardware and services in IT-related businesses are not yet in place to enable more efficient forms of collaboration between PCC and its multiple peer industries.

#### **4.6. Challenges**

Several important elements are considered as challenging issues which have a key role in dramatically hampering trading companies’ business interactions and transactions. Amongst the challenging elements are a lack of adequate efficient management, absent meritocracy, lack of an inefficient strategy, and sanctions, which are more striking, among many others.

The number of major challenges that the petrochemical industry in general, and PCC in particular, encounters is enormous. Clearly, the results show that the petrochemical industry's challenges are business-related rather than technology-related. This study supports the existence of challenges identified by other scholars, in addition to the challenges that previous research has not covered (e.g. meritocracy, sanctions, lack of solid strategy, and repatriation of petrochemical sales revenue, among others) which mostly are originally business, rather than technical, problems. Politics and economics go together and impact one another under competitive market conditions. As political tension develops, one can expect an adverse effect on the economy. Mahdavi, in particular, believes that *“Political and economic issues are the most important challenges that commercial firms encounter, and that they are complex and intertwined”*. He added that *“the lack of currency transfer and losing competition, which are the consequence of political debates, are only two problems among many others that cause significant grief to Iranian executives”*. Mahdavi went on and said that *“the main problems for a firm are political and financial and are intertwined and do feed one another. Global economic crises, lack of critical mass and liquidity, and a lack of currency have had an unfavourable impact on organisational performance”*. The majority of co-researchers acknowledged the hampering impact of sanctions on the country's economy, including the petrochemical industry. Sanctions are the consequence of standstill political debates with numerous interacting elements.

The adverse impact of political and economic turmoil is evident in people's day-to-day lives. One of the key problems in the business domain is the lack of effective management, which needs to be effectively endorsed and managed. As business circumstances are volatile, to handle managerial affairs, managers must be appointed based on rigorous meritocratic principles.

Every business faces challenges (Saunders et al., 2009). These occur in its establishment as well as development and management. The petrochemical industry in general and PCC in particular experience several major impediments in their businesses. Concerning the crucial impact of the business environment on a firm's business relationships, it is postulated that firms' and organisations' capabilities and assets have the potential to play an important role in their business success. However, firms do face minor and major impediments and challenges which make the business process difficult to manage.

The majority of co-researchers commented that *“sanctions, inflation, and unemployment are interrelated and adversely affect governmental affairs”*. Overall, many challenges could be reduced through good relationships, communication and understanding. Therefore, identifying challenges and the reasons behind them is an important step in eliminating them in trading.

#### **4.6.1. Inefficient management and lack of meritocracy**

Inefficient management and even poor management have been encountered frequently within firms. Poor management is a plague on a firm's progress and is a huge problem in commercial firms (Abbaszadeh et al., 2013).

*“A lack of proficient management and the required trust between the managers and the personnel, and an absence of appropriate meritocracy, coupled with heavy bureaucracy, create many unsolved problems which are important challenges for firms and organisations especially for the petrochemical industry”. (Mahdavi; HassanZadeh). In this line, both Jamshidi and HassanZadeh argued that “...heavy bureaucracy and unnecessary excess controls can make organisations and businesses lethargic in their reaction to environmental changes and exploiting opportunities, in volatile and unstable market conditions”.*

In this regard, due to poor management within the petrochemical industry, Iran has encountered many problems. One of the main challenges is to discourage the petroleum sector's highly skilled experts and managers from leaving the petrochemical industry. Iran has over one hundred years of experience in the petroleum and associated industries and has a very skillful group of experts and professionals. Nevertheless, due to the lack of sufficient dedicated management and deteriorating economic conditions over the past decade, many experts have joined overseas companies in other countries. Any attempt to prevent experts from leaving is an arduous and demanding task, but an imperative and inevitable mission also.

#### **4.6.2. Lack of an efficient strategy**

In today's intensely turbulent and competitive business environment, a sound business strategy not only targets success for the business but also enables the business to survive (Dameron and Durand, 2013). In this vein, YousefiNejad stated that *“...a major negative aspect of any firm and organisation is the lack of an efficient and systematic strategy”*. He further mentioned that *“this is in line with the lack of efficient and effective management skills and talents in decision-making, which increases instability within organisations. This, in turn, violates the firm's position and situation in the competitive market”*. With retrospect, shaping an efficient business strategy based on firms' external and internal conditions is vital.

#### **4.6.3. Unstable regulations**

There is a strong consensus among the co-researchers that *“Unexpected changes in the rules and regulations have frequently led to major adverse consequences in businesses in the past”*.

Overall, in any market and business sector, competition does exist, and this is

affected by the rules and regulations of the country in which they operate. Each company and organisation has a mission and a set of predetermined goals. To secure these goals and targets, they require strategies and appropriate tools. If the regulations are ephemeral, the strategies and tasks will be useless and the firm's activities will be disrupted, and this becomes a major problem. Therefore, a lack of potential market expansion and solid organisational structure, and economic instability could be the consequences of such a situation.

## **5. Discussion**

### **5.1. Trust – Nature of inter-organisational relationships – Management –**

#### **Environmental aspects**

The major environmental issue to emerge is, sanctions, which is the consequence of incomplete IORs. The adverse impact of sanctions has hampered the economy, management efficiency, and decreased the level of trust, and the quality of IORs. This sentiment was repeated by the co-researchers several times.

The deployment of an appropriate management methodology, coupled with a constructive type of IORs, can nullify or at least hinder the impact of sanctions and economic downturn. There appears to be a relationship between the amount of trust that exists within an organisation and the nature of the methodology implemented. Admittedly, trust acts as a lubricant and is an indispensable element in this process. Concerning the immediate formidable and devastating impact of political aspects such as sanctions, isolation in the global market is predictable. To avoid such an isolation, through constructive communication, shared understanding and the deployment of sound management methodology, coupled with increasing trust, and good management practices are imperative.

### **5.2. Trust – Technological aspects – Nature of Inter-Organisational**

#### **Relationships – Management**

With regard to the pervasive nature of trust influencing other elements and the involvement of the technology function in business structure and strategy, management methodology must be in line with the optimal alignment of the elements to achieve better IORs. In this relationship, the presence of trust is a prerequisite for a successful configuration process. In reality, with effective communication and shared understanding, management takes appropriate action in deploying and expanding the technology function within the organisation (Ridings and Gefen, 2004). The technological element is a pervasive feature in trading and, in fact, is an indispensable part of a business. Management could be more effective when employing a scalable, flexible and secure technical platform that supports the

development of different tools and enables incorporation and is vital for the success of an organisation.

### **5.3. Trust – Management – Nature of Inter-Organisational Relationships**

A strong management with an entrepreneurial mindset benefits from governmental supportive measures to improve the company's IORs. Arguably, there is an interrelationship between these elements, and trust is required between the following elements: governmental affairs, management and the nature of IORs; and also, between management and the nature of IORs.

Admittedly, the implementation of management methodologies to create effective relationships will require trust, effective communications and shared understanding between parties.

The existence of appropriate management is also highlighted by co-researchers as an important element in achieving good collaborations in IORs. It became clear that dependence on trust and the nature of IORs varies according to the implementation of various management methodologies. The co-researchers stated that when trust, communications and shared understanding exist, then management methodologies are good and are used to improve relationships.

### **5.4. Trust, Technology and Management**

The importance of trust and technology as two essentials of success by any organisation is indisputable and well documented in the literature. However, it would be a great mistake to believe that the mere presence of trust and technology is sufficient for the survival of a company in a volatile business environment. For PCC, as a renowned company in the petrochemical trading arena operating in such a volatile environment, alongside the existence of the trust and a technological platform, other important aspects are operating and contributing to its survival. Among these, the unique importance of experienced and competent management to steer the business and achieve high performance even under the pressure of sanctions has been proven in PCC since the mid-2000s.

Concerning the role of political and economic elements under volatile business environment, the primary goal of an organisation's management is saving the organisation under volatile environment by maintaining a balance between strengths and threats in such a way to offset shortcomings and overcome the challenges both domestically and internationally at an appropriate level. As a result, navigating the business of a nationally important company such as PCC is a demanding and arduous task that relies on ample robust and highly efficient management methodology and practices.



## 6. Conclusions

In trading, and trading of petrochemical products, in particular, the ultimate objective is to achieve financial benefits. To this end, a number of business and inter-organisational aspects play key roles during the trading process. Six such aspects, or determinants, have been found to contribute to the potential achievement of successful IORs and trading, many of which are either mutually supportive, or they interact with one another to some extent. The core components are trust, management practices, technological aspects, the nature of IORs, environmental aspects, and challenges.

Although the importance of trust and technology in improving the quality and quantity of business interactions and transactions is indisputable, the materialisation of their full benefit relies on efficient management methodology within the organisation. Management is a multidimensional and complex concept in business and plays a critical role in the business interactions of a company with its peer companies in the chain of supply and demand.

Taken as a whole, managers with business process expertise, and superb relationship skills and competencies are a unique and important asset for any organisation, especially in turbulent and volatile political and economic environments. To appoint efficient management, criteria of sound meritocracy must be thoroughly applied. In addition, effective communication, as one of the vital components necessary for the establishment of IORs, is a critically purposive action and an indispensable part of any business interaction. Communication is a great place to start a productive relationship in trading. Quite often, for transactions to be successful, collaborative shared understanding between trading partners is imperative. There are tremendous numbers of strong and robust managers who are valuable assets within the petrochemical industry are managing issues very well under volatile conditions. Finally, this study also demonstrates that firm learns much not only about itself, but also about the relationships, the nature of networks and management of venture under turbulent conditions.

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