

International expansion through joint venture: Situations and strategies from a network perspective

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Abstract

The paradigm shift to customisation, economies of scope and focus on core competence (Talay & Cavusgil, 2008) together with rapid globalisation has created a situation in which many companies have been pushed to redesign their strategy concerning internationalisation. One often used alternative is to consider international joint venture (IJV) as a method to up-date international competitiveness. The research on IJV concentrates heavily on multinational enterprises (MNE) and very large companies. This paper contributes to the understanding of the managerial decision making when they consider the IJV as a solution for the expansion, both in small and in large companies. The study limits its focus on the strategic rationale and partner selection (cf. Beamish & Lupton, 2009). The aspects how managers plan the expansion into new markets and the respective new business networks using IJV and the configurations around these business networks and their influence on the strategic decision making form the research questions for this study.

The internationalisation process is analysed from a network perspective (Johansson & Mattsson, 1988) as the firms studied are involved in complex structures. The research is based on a larger European research project. This part uses mixed methods and analyses four IJVs. Each of them has one German partner. At least one of the parent companies is a manufacturing company of some sort, i.e. they deal with physical production, manufacturing or construction activities.

Introduction

Joint venture is seen as a tool for international expansion. IJVs enable firms to access the complementary resources and capabilities of each other (Beamish & Lupton, 2009, s. 75), which they need to achieve economies of scope and/or scale and to bring new products, services or technologies into market faster, more efficiently, more reliably and more cheaply than what they could do alone or using other methods. Joint ventures have by definition partners. These partnerships give the participants certain status and position in the eyes of local business environment and also on the international arena. These connections to local business networks also assist IJVs to navigate in environments in which they would not be able to cope with successfully without these relationships, social capital and connections (see Beamish & Lupton 2009; Kwon 2008). The existing research literature provides answers to many managerial questions, but some aspects around the situation in which managers need to decide if they enter an IJV or not, are still rather punctually studied. The research results on joint venture are significant, but often with contradictory findings (Reus & Ritchie, 2004, p. 369). Talay and Cavusgil (2009, p. 80) request more studies using primary data and explanations on “what is inside the managers’ minds”. The considerations on entry and further penetration to foreign business networks on a social and managerial level are rather idiographic, but still, they can have instrumental role in understanding these dynamics and reasons. Especially the following questions are complex, but not well understood:

R1: why managers consider IJV to be the right tool for expansion in a specific situation?

-How are these situations?

R2: do they regard IJV as the key to the respective new business networks, (as a superior method in comparison to acquisition or wholly owned subsidiary)?

-Is IJV a unique option for these situations?

R3: What kind of business network configurations these companies have regarding the target market, and how they influence the strategic decision making?

-Are these IJV market specific or are they part of a greater agenda?

Joint Venture is a form of foreign direct investment which serves a company’s expansion into other markets, mainly of large enterprises. Joint venture is normally an acquisition of a part of an existing company or a Greenfield investment. It is used for manufacturing, sales, and distribution and various service activities as well as for research and product development and technological cooperation.

The idea in this multiple case study is to follow the logic in four cases and describe their choices to establish a joint venture. The analysis is supported by mixed methods.

The contemporary complexity puts new requirements to expansion strategies and methods. Joint-Venture is used in several types of situations and combinations, concerning products, services, countries, and time and technology development. From a company’s point of view very essential point is with whom the company does business with and what for, which is their market and business and the foreign joint venture partner and

how well they are able to achieve their goals together. The „soft“ variables for joint venture strategy development and the respective management require more emphasis, since we tend to concentrate on the economic and legal framework leaving the inter-organisational and inter-cultural chemistry aside. Reasons for certain actions are often based on chemistry and opportunity more than a strict strategy plan. This “sidetrack” of strategy is therefore of interest.

The study attempts to take a look at these four situations and functioning logics as a part of the strategy process. The decision making situations which MNEs face in comparison to small and medium-sized enterprises (SME) are not similar due to their vast difference in resource structures, but the method itself is similar. It analyses the cases and describes shortly the changes in positions that have been achieved using IJV. The perspective is managerial, it follows the early phase of the IJV creation and follows an inductive approach.

The theoretical framework is based on Johansson and Mattson (1988). Their concept of internationalisation is applied. The four types of categories are reflected on the four IJV cases.

The object of the study is to provide a tentative model that assists in the „positioning“ of the joint ventures, the situations and the reasoning criteria behind. It follows a theoretical approach that builds on Johansson and Mattson (1988) and those four situations.

One reason for the controversial research results in existing literature for the identical method of expansion can be the idiographic nature and the too simplistic focus of research, the object of research. We do need to understand overall strategy before we analyse its partial elements. In terms of joint venture deals we tend to compare apples with pears when we use secondary material, therefore it is important to analyse on primary basis and identify real life „positions“ i.e. situations and reasoning embedded in time and process. Among the objectives of the study is to contribute to understanding on contemporary situations of IJV creation and their strategies by incorporating the immediate business networks of the firms into the picture.

The purpose of the study is to provide a preliminary typology of positions. This research process analyses and describes joint venture as an expansion method into foreign markets which is approached from a strategic point of view of a German parent company. It does not attempt to create any nomothetical models, it focuses on the identification and creation of positions in which companies have to design, decide and act to execute their joint ventures and the development of these entities. The paper builds on the viewpoint of IJV parents on subsidiary and new venture views (Mainela 2001) and enlarges the approach further, since it is considered (cf. Lorange and Probst 1987) that there are two important aspects for the management of international joint ventures: the context dependence of joint ventures and the focal role of the joint venture itself. This context dependence is seen here as embeddedness into a new business network. Therefore it is essential to analyse the novel network of the IJV in order to understand its evolution.

The preliminary assumptions drawn for the analysis were:

A1: There are generic situational and context-dependent positions, which are built on the internationalisation degree of the parent companies, that of the IJV itself, the type of business and the target market

A2: A position is an intentionally created strategic situation executed by the managers and heavily influenced by the business environment and context, especially in terms of international business networks (managerial, entrepreneurial, social, cultural, etc)

A3: Joint-ventures evolve and change positions in time and this evolution is particularly connected with the strategy and evolution of the business network of the parent companies

Methodological approach of the study

This multiple case study (Yin 1984) follows first a rather inductive approach which filtered a larger research material and then selected four representative situations. The results indicate four different types of positions which share characteristics with Johansson & Mattsson approach (1988) on internationalisation. The empirical material was analysed and reflected on this framework. For example, following variables were compared: company size, field of business, business activity, investments abroad, ownership strategy and structure, time span, target country, previous experience, motives, form of joint venture, investment type and partner, the relationship with the partner, historical position in the target market, expected development and the realisation, up-dates in the ownership structure.

The study started as a part of a larger European quantitative research project on International Joint Ventures (IJV). This part concentrated on the German parent perspective. The project started autumn 2007. The study had a dual strategy towards mixed methods utilisation. The purpose of this methodological choice was to get as much valuable information out of this research target group as possible both by using a structured questionnaire and semi-structured and in-depth interviews.

The project used a standardised questionnaire in English, which was translated into German and slightly modified to match the respective meanings and the behavioural setting. The similarity of language was verified by two native speakers. The project was also supported by the Finnish Embassy in Berlin with a separate cover letter requesting the managers to participate. Thomson Financials as Excel databases functioned as the study material. This research material had been provided by Vaasa University. German takeovers and joint ventures were sorted out.

The criteria for suitable cases was based on the following characteristics:

- Joint Venture established or significantly altered between 1990 and 2004, preferably 1995-2004, this was later stretched to include newer cases up to 2007
- At least one partner should be located in Germany and one partner outside Germany
- German ownership should be between 10 and 94 %, preferably 25-70%
- Investment amount should be significant, at least 5 million Euros
- The company should employ at least 20 people
- The company should be active in industrial or consumer product production activities or such, it should not be in banking, insurance, capital investments, or other pure service business
- The questionnaire and the study was targeted on the top management and/or ownership level

First part of the project was to go through the lists and to sort out all such cases that were not applying to the above criteria. Also companies that had more than two joint venture cases were taken into account only concerning the first two to avoid too massive mailings. The remaining cases were compared case by case with their respective internet sites to compare if the information was confirmed on the company's site and to find out the contact information of the respective German partner which was then the targeted informant. The search machines used were Google and Yahoo. In addition to telephone catalogue also various German business directories and publications were used as a triangulation material when available.

The purpose was to get accurate information concerning each case, since the Thomson's Financial data was partially very old, from early 1990's, and the company names and ownership configuration had often changed many times since the original data collection. The amount of cases identified originally in Thomson by Vaasa research team was 790. However, a majority of these cases did not fulfil the criteria set. In addition to the listings from Thomson's Financial also other cases very actively searched and identified using management publications, managerial networks and search machines such as Google and Yahoo. Searching was carried out both in English and in German to obtain as broad as possible data sample.

The filtered, supplemented and up-dated listings were made in Excel with the following structure: Company-Acquirer, year of acquisition, target country, acquired company (IJV), contact person, address, telephone, fax, e-mail, field of business (acquirer) ownership beg/end, Greenfield/acquisition, existing/divested.

The case listings were made in modules. Modules 1 to 4 were sent by post during winter 2007/Spring 2008 addressed directly to the top management, specified with contact persons name. Only in some cases the name was not able to be detected in advance (some companies did not have internet sites). The post was sent with both questionnaires, English and German, with a cover letter from the University of Vaasa, with a supportive cover letter from the Ambassador of Finland who kindly supported the study as the "Schirmherr", and with the response envelope. The reply address was at the Heinrich Heine University or Vaasa University when mailed; otherwise the informant was able to choose between fax and direct on-line response.

The procedure was carefully planned and tested before start, so that the major problems concerning information flow and confidentiality could be reduced to the extent possible. The research team in Germany also checked the letters and style so that there were no room for cultural misunderstandings or wrong word usage. The modules 1 to 4 had respectively 64, 39, 70, 45 cases that were identified and contacted. The total amount filtered with the preferred criteria from the Thomson database was 218. Module 4 was based on material that was downloaded after the first three to complement the diversity. The responses rate was low, between 4-10%¹. All informants had at least one month time to answer.

There were both endogenous and exogenous reasons that affected the quantitative part of the primary material collection. The endogenous reasons are: the topic and the data requested is in many companies considered as confidential (non-disclosure agreements), the large companies and top managers in Germany are continuously bombarded with requests and questionnaires and therefore they are basically negatively oriented, many large companies in Germany have a house rule that they do not take part in external research projects or questionnaires, high level of hierarchy and the focus hindered middle managers to participate, corporate culture in SMEs and family companies. The exogenous reasons are: The mailings took place during the same

¹ The rate depends on the type of answer, full answer, partial response or a refusal. According to Deutsche Post a response rate above 3 % is acceptable and normal in direct mailings.

period of time when Nokia announced its factory closing in Bochum, which created an unforeseeable polemic and negative discussion about Finnish companies and business ethics. Nokia became the scapegoat and Finland the “evil globaliser”. This created a most negative and icy approach also to the research project in terms of telephone communication, and it is assumed that this also reduced goodwill. Spring time is in many such large companies a very hectic time period internally, which might also affect the response willingness. During winter 2007/2008 the German Delegation of Industry and Commerce and the Chinese Chamber of Commerce, in co-operation with EAC - Euro Asia Consulting carried out a competitive research program called „Potentials and Problems on the Chinese Market for German Companies“. This was distributed through the German Chamber of Commerce organisation to all its members involved. It is assumed that this rather similar research project was prioritised in many companies since we had the same research target group.

The responses were then combined with qualitative data collection using mainly in-depth interviews, but also semi-structured interviews. Additional data was collected using sources such as annual reports, web-pages and published articles in business magazines and newspapers.

Major methodological problems forced the change towards mixed methods in the research plan. One problem was the quality of Thomson’s Financial data (in terms of usability and accuracy). The data material had also built-in problems: in a significant part of the given listings it was not specified if the ownership change had been executed as a joint venture or as an acquisition. Therefore the expansion strategy could not be identified. The lack of such IJV filter possible left a lot of companies on the listings that do not consider their acquisitions to be in the category of international joint venture.

One timing related problem seriously affected the responses: the managers responsible for IJVs tend to move forward very fast after the completion of the IJV; after couple of years there are no managers available who know something about the “history and background” of the IJV. This has been the case especially in MNEs and those which are linked with US partners. Many companies answered that they cannot reply because there is no historical knowledge available.

The interviews were carried out in following sectors: construction, construction material manufacturing, metal production, and chemical and consumer products. The in-depth interviews provided a comprehensive view to the decision making process and strategy for the IJV option.

As a methodological recommendation it can be said that IJVs should be studied as long as they are rather “fresh”, preferably within two years of establishment. Also the target persons should be the specific ones who have handled the establishment of the IJV.

Theoretical Framework

The study analyses the concept of International Joint Venture and why they are used as an instrument for market entry and penetration. This part provides a short literature review and an overview to the discussion on this instrument. International Joint Venture is a complex phenomenon, which is in this study restricted to the part of joint ventures with equity, i.e. financial relationship is created between the partners, not just cooperation. The advantages of this method are the sharing of risk and the ability to combine strengths in a joint venture. Thus a company with in-depth knowledge of a local market might combine it with a foreign partner who lacks market knowledge but has considerable know-how in the area of technology and process applications (Keegan, 1989).

Luostarinen (1979 p.22) divided the types of foreign operations into direct and non-direct operations. This view separated the categories on the basis of direct ownership and monetary investment, international joint venture as method of internationalisation is an in-between model, a combination of both types. Many joint ventures are close to contract manufacturing and co- production, on the other hand, many IJVs are close to subsidiary in manufacturing or sales office with a little bit of foreign (local) participation through the previous representative. A remarkable number of joint ventures start as a common venture of two partners with the logic to become a wholly owned company after a certain period of time, particularly when the IJV is active as a part of the international sales network. The underlying idea in IJV establishment is often the built-in evolution of the IJV itself through ownership reconfiguration, because one partner in an IJV possesses both a “call option” to buy out the other partner, and a “put” option to sell out to the other partner, depending upon how the IJV performs in the future (Chi & McGuire, 1996; Kogut & Zander, 1993; Buckley et al. 2002). Business networks evolve and they have three main phases: The emergence of a network, the network development process and the achievement of the network (Ghuri et al. 2003). IJV can be the instrument to reach this achievement.

Previously the dimension of manufacturing operations was strongly emphasised (see Luostarinen 1979), but it seems that today the issue of distributive trade is gaining importance (Grell, 2007, Business Forum China 2007). The role of sourcing, international sales and services has become very important due to the

globalisation. Distribution and respective service activities are increasingly becoming the additional context to manufacturing activities.

The approach on cooperative internationalisation forms (Perlitz 1997) illustrates well the development of the concepts concerning IJV. The problem of this illustration became clear during this study, since there are many IJVs that belong to several categories at the same time. For example, some companies use Joint Venture as an instrument for international project management agreements regulation so the length and type of their involvement. Therefore, it can be stated that the different instruments of internationalisation do not exclude such parallel strategies. As cooperative internationalisation forms indicate, there are several types of situations in which these instruments are applied. Technology-based, knowledge-based and service-intensive joint ventures are established as a part of an accelerated process where other factors than those in manufacturing set the functioning logic.

There are significant differences in circumstances in which IJVs are established, their evolution and success is therefore highly context-specific. In business, the theoretical typology of a certain instrument is not relevant, but the usability of the instrument for solving a certain context-related business problem and the instrument's legal structure. For example, 91 % of the German respondents concerning German-Chinese Joint Ventures stated that the JV Partner's support in dealing with authorities has been an advantage of Joint Venture in comparison to wholly foreign owned enterprise (WFOE). The direct management control and the control of technology and know-how were considered by over 90% of respondents as an advantage of WFOE in comparison to IJV (Business Forum China, 2007). This Chinese contextual setting has strong characteristics which are not necessarily comparable in time since the legislation has changed concerning foreign direct investments and the type of businesses have evolved. A joint venture might link up manufacturing resources and skill with an international marketing capability but it also may be the only way to remain or enter a country if the country has a law that prohibits foreign control but permits joint venture. Mexico and China have been examples of this type of country. Still, for many companies like one electronic tool manufacturer China is seen as a target market for sales, not only as a low cost manufacturing platform.

It is possible to use a joint venture as a source of supply for third country markets. However, competition as strategy creates often a problem of mismatch in expectations; one of the main reasons for joint venture divorce is the disagreement about third country markets where partners face each other as actual or potential competitors.

IJVs are not unknown to small and medium-sized companies, although they are often more limited in size. Partners that lack sufficient capital resources might get together to jointly finance a project (Keegan, 1989). Duration and timing of venture is one of the key elements for understanding it. For example, the limited resources of SMEs in comparison to MNEs appear in their experiential knowledge, risk tolerance and indirectly in trust creation (cf. Buckley & Casson, 1988; Blomstermo et al., 2002).

Johanson and Mattsson (1988) define internationalisation as the process of firms which aim 1) to develop existing positions and increase resource commitments in profitable nets 2) to increase coordination between positions in different national nets, and 3) to establish positions in new networks. This is an evolutionary process, where relationships are the bridges to foreign markets. Johanson and Mattsson (1988, p.297-306) emphasise the firm's position in the network and the degree of internationalisation of the firm as well as the internationalisation of the market. They have identified four types of firms and situations:

The Early Starter has limited relations with foreign firms, which applies to other firms in the production net too. The firm has very limited knowledge about international business, therefore the firm uses local agents or trading houses or other firms who have experience of e.g. exporting in order to be able to start international operations and to learn. It takes advantage of the existing positions in the market occupied by other firms (Johanson & Mattsson 1988, 298). Investing into foreign operations is rather limited. The early starter applies in this phase often other than the IJV instrument to its operations. Indirect or cooperative forms of venturing are possible.

The Lonely International is a case where the firm is highly internationalised but the market environment is not. The firm has previous experience and knowledge, therefore it may adjust to differences on international markets and it may enter into new nets abroad and extend its operations. It may use its network in order to expand. The firm is more autonomous compared to other actors in the network concerning expansion to new markets. It is more likely that the role of this firm will develop to a promoter for international expansion of its counterparts in the network. The lonely international can use various IJV instruments successfully in its foreign operations, such as international production and sales.

The Late Starter has its domestic network as a learning platform for starting international operations. "Relationships in the home market may be driving forces to enter foreign markets. The firm can be 'pulled out' by customers or suppliers, and in particular by complementary suppliers, e.g. in big projects". Market

investments in the domestic market may function as driving forces and can be seen as assets which can be utilised when the firm internationalises. The Late Starter uses IJV carefully, for certain circumstances only.

The International Among Others, here the firm and its environment (or network of business relationships) are highly internationalised. International extension or penetration means only a gradual change of the position of the company concerning its internationalisation. The firm may use its international net in order to bridge over to other nets. For the international among others IJV is a method among others, it has the capability to apply many forms of IJV successfully.

Analysis of the research material and the research outcomes

The material indicated that these managers considered IJV to be the right tool for expansion, because it provided the correct configuration and structure for the opportunities they had identified. All the four companies had a long-term strategy in which these decisions needed to fit. The situations were all different. One company (Medium-sized) had no previous experience in the target market, but had social and managerial relationships in the area and had also export experience. A large construction company had no previous activities in the target market, but had a strong international experience it could apply in any market. The two other large companies had various operations in their target market before, but considered IJV to be the instrument that enhances their performance, position, status, market opportunities and results in a way that other expansion instrument could not. There were significant reasons behind, such as the labour costs, market opportunities, access to new market segments and third markets, but also very practical reasons such as the high cost of logistics due to the product size, political connections, access to local business networks and other. The target markets were: China, Australia, Portugal and United Arab Emirates.

The managers considered IJV as the key to the respective new business networks due to the fact that it gives a “face” to the company in the target market other than that of a representative, wholesaler or other. This direct access to customer contacts was a very important decision making factor to three of the cases. Licensing could not provide the same level of long-term control and the expected level of “smooth operations”. A wholly owned subsidiary could not access the customer and stakeholder networks which were critical in all cases and an acquisition could fail and leave an alternative solution for the existing market players.

In the sense of access and further penetration into local and international business networks the IJV option did provide a unique organisational solution for these four situations. All other methods had some elements that we not strategically compatible and could not serve as a real option in the managerial decision making process. Essential elements were the direct involvement in combination with the local competences, resources and business networks.

Each company had different business network configurations in the home market, in the target market and also in international or third markets that were of relevance for their decision making. Two of them had clear elements for serving the target market itself and the other two were also interested in the target market but only in secondary sense, the primary interest came from global competition and customer service. Each four needed in addition to production activities also local business and stakeholder connections to carry out sales, marketing and service activities in the target market or regionally around the broader area of target market.

The material indicates that the IJV option had both market specific characteristics as well as other roles in a greater strategic plan of the company or the group. Partially these location specific characteristics were also seen as a stepping stone for further internationalisation from both parents’ perspectives.

The four situations resulted in Positions 1-4 (cf. Johansson & Mattsson 1988):

1. A project-like joint venture organisation (Projects, temporary organisations)
2. Long-term committed strategic partnership (subcontracting, co-manufacturing, customer service for global accounts)
3. A market penetration into a growing new market (Entry and hub creation)
4. A mature stage as a larger establishment for internal global sourcing (Further market penetration and further internationalisation)

Position 1: The lonely international

The project-like IJV here is used as a method by a highly competent and international company. Here most of the business actors involved have a high degree of internationalisation and the strategic setting has a strong global dimension. The case of this construction company indicated how IJV functions as an operational modus for international project management. The strategy is clearly defined from the beginning: Objectives, project, duration, roles and obligations. IJV is here the key to get access to local networks and resources and decision making systems.

Position 2. The early starter

The type of long-term strategic partnerships requires a different time orientation than the other forms. This type of IJV was created in order to get synergies out of SME cooperation to serve markets abroad, both in terms of sales and as a supplier to partners which have already internationalised. A German metal product manufacturer is not internationally experienced but gets the right connections through managerial networks in order to find partners who also want to combine forces for internationalisation. These long-term competitive advantages are only possible with a close committed relationship.

Position 3. The late starter

This strategy had similarities with pioneer or first mover strategies, but with different business actors. The competence was collected in other markets and then applied into a new growth market when it was first tested. Many companies test the potential first using a representative and then increased their involvement later. The construction material manufacturer had preliminary activities that could be seen as a preparation for IJV. These activities had created a network of contacts and assisted the company to understand the importance of direct customer service in the specific location. Industrial customer contacts stimulated the process.

Position 4. The international among others

This type of further market penetration strategy using IJV was typical for large companies, here the electric tool manufacturer represented a typical case with a high degree of internationalisation. Such companies have relationships in the mature stage that are transformed into WFOE, IJV or other direct investment forms. The stimulus for the strategy is the better and more efficient access into local business networks and decision makers as well as the creation of more in-depth business relationships on the managerial level. Both parents see this strategy as the right one for expansion locally and internationally. This strategy is used to create time and market related benefits and advantages, but also to reduce risks and costs, since the beginning (first market entry) is done by using another method (indirect marketing investments).

The Implications of the study

This first analysis of material from a network perspective supported the type of thinking that is behind internationalisation approach from a network perspective (Johansson and Mattsson 1988). It indicated that the preliminary assumptions, A1-A3 had some validity:

A1: There are generic positions. The research material indicated four main categories of strategic situations which in terms have large contextual differences.

A2: A position is an intentionally created strategic situation executed by the managers and heavily influenced by the business environment and context, especially in terms of international business networks (managerial, entrepreneurial, etc). The strategic and operative decision making indicated that these IJV decisions were thoroughly considered and intentionally created. The initiative could come from various actors outside the first setting.

A3: Joint-ventures evolve and change positions in time and this evolution is particularly connected with the evolution of the business network of the parent companies. Some joint ventures developed surprisingly positively also from the perspective of the parent company, but in general, the development of these IJVs was tightly connected to that of their parents. Still, the data indicated that IJVs may stimulate other IJVs for their parents, both for new products, services as well as other new activities and markets. Some IJV evolved within their original parents, but mainly it was a step towards further internationalisation. The character of individual IJVs changed during time and could move from a subcontractor-type of a relationship towards a strategic partner which had more and different activities with the existing partners than in the beginning, i.e. the network grew.

The Conclusion

The study indicates that there are idiographic mechanisms and situations for each IJV which depend highly on its position, parents, market and the business. Issues such as parents' connections, business networks, experience, existing market positions internationally play a significant role in the life cycle of an IJV. Both temporary project IJVs and unlimited long-term partnerships can be there for the similar reasons. Still, IJVs are not "comparable" per se with each other, since similarity in network positions should be notable. The reasoning, decision process and strategy of each IJV differ. These differences have similarities with the phases described by Johanson and Mattsson 1988.

It seems that there should be further research towards categorisation of IJVs which would take into account the expansion capabilities, the degree of international activities and types of the IJV and the structure of the parents' network connections before and after the IJV, as well as that of the IJV itself. It is suggested that IJV is treated as not only as stepping stone in internationalisation process towards a WHOE but also as an independently evolving instrument for further internationalisation. This would give a richer view to the real

positions of both parent companies and the IJVs. It is suggested that the study continues with the analysis of the quantitative material to verify the findings on a large scale.

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