PAUL W. BEAMISH on JOINT VENTURES AND ALLIANCES

As of September 17, 2009

This document provides an overview of the body of work completed by Paul Beamish over the past 25 years in the area of joint ventures and alliances. It provides abstracts for 52 published articles and 23 case studies, and lists the books and contributed chapters, plus theses supervised. It also notes some relevant consulting, JV facilitation and in-company training program clients.

ARTICLES (52)

Chung, Chris Changwha and Paul W. Beamish. 2010. "The Trap of Continual Ownership Change in International Equity Joint Ventures", *Organization Science*, (forthcoming).

This article examines how multiple ownership changes unfold in international equity joint venture (IEJV) evolution and how such repeated changes impact short-term performance and long-term survival. By theorizing a new concept—the trap of continual change—in the IEJV context, we challenge the adaptive viewpoint assumed in alliance dynamics research. We propose that partners sometimes respond to an initial dissatisfaction with the venture result with a dysfunctional repetition of rearranging the ownership control structure. This continual change locks the organization into bad choices and sends it into a downward spiral. Acknowledging the mixed motive nature of inter-partner relationships, we incorporate cooperative versus competitive dynamics manifested in shared control arrangements. We propose that shared ownership control lends stability to the IEJV until the initial IEJV agreement is renegotiated; this stability is a result of the cooperative forces of mutual interdependence and mutual forbearance between the partners. However, when the power balance breaks down, the potential for inter-partner conflict increases. When the ownership control structure of the IEJV is restructured, especially multiple times, shared control arrangements become increasingly unstable as behavioral, cultural, and managerial differences are amplified.

Dutta, D. and Paul W. Beamish. 2009. "Discretion and Internationalisation: Impact of Environmental Determinants of Managerial Discretion and Host Country Experience on Entry Mode Choice", *International Journal of Trade and Global Markets*, (forthcoming).

We examine the impact of the environmental determinants of managerial discretion on the internationalisation of Multinational Enterprises (MNEs) reflected in its choice of mode of entry. Using insights from the behavioural theory of the firm and the process view of internationalisation, we show that a composite measure of the environmental determinants of managerial discretion affects the MNE's choice of entry mode, with comparatively higher levels of environmental influence leading managers to choose the IJV (over WOS). At the same time, this relationship between the environmental determinants of managerial discretion and entry mode choice is intensified when the MNE has had prior host country experience.

Beamish, Paul W. and Nathaniel Lupton, 2009. "Managing Joint Ventures". *Academy of Management Perspectives*, 23(2): 75-94.

Joint ventures aid firms in accessing new markets, knowledge, capabilities, and other resources. Yet they can be challenging to manage, largely because they are owned by two or more parent companies. These companies may have competing or incongruent goals, differences in management style, and in the case of international business, additional complexities associated with differing government policies and business practices. We examine research on joint venture (JV) performance in order to identify prominent academic discussions established over the last two and half decades. From this research, we draw implications from past research and areas for future research on successfully managing JVs, taking into account the decisions JV partners must make throughout the partnering process: from initial motivations, through partner selection, negotiation of terms and finally implementation and ongoing management. Key implications include the necessity of honesty, trust and commitment for the success of the JV, settling disputes by focusing on what is best for the JV rather than individual partner objectives, and division of managerial responsibilities according to the functional expertise of each partner.

Dhanaraj, Charles and Paul W. Beamish. 2009. “Institutional environment and survival of overseas subsidiaries”. *Management International Review*, 49(3): 291-312.

We examine the effect of the institutional environment (IE) on the mortality of overseas subsidiaries. We develop hypotheses to study the impact of political openness and social openness, two dimensions of the institutional environment and how joint venture status moderates these relationships. We tested our hypotheses using a sample of 12,000+ Japanese overseas investments from 1986-1997 in 25 countries, using Cox hazard models. Our results suggest that the sociopolitical context has a strong influence on the mortality of overseas subsidiaries. We theorized and found a negative main effect for political and social openness and positive interaction effects with openness when the FDI is through a JV. However, political and social openness show significantly different influences on subsidiary mortality.

Arregle, J.L., P.W. Beamish and L. Hebert. 2009. “The regional dimension of MNEs' foreign subsidiary localization". *Journal of International Business Studies*, 40(1): 86-107.

This paper examines the regional effect of MNEs’ foreign subsidiary localization. We hypothesize that the number of subsequent foreign subsidiaries in a country is in part determined by a firm’s prior foreign subsidiary activity at the regional level. We test our hypotheses using data on 1,076 Japanese MNEs that created 3,466 foreign subsidiaries (1,837 wholly owned FDIs and 1,629 joint ventures) over the period 1996-2001. We use a multi-level Negative Binomial approach with three levels of analysis: localization decisions in a country (49 countries), in a region (six regions), and at the headquarters level. In this way, we test the regional effects controlling for country and corporate dimensions. We also run separate models to differentiate wholly owned and joint venture localization decisions. Our results strongly support the semi-globalization perspective in that the regional level effects are significant and different from the country level effects for all foreign subsidiaries, for wholly owned subsidiaries and for JVs. Japanese MNEs adopt a regional perspective that complements their decisions at the country and firm levels. They seek regional agglomeration benefits and make arbitrage decisions between countries in the same region.

Jung, Jae, Paul W. Beamish and Anthony Goerzen. 2008. “FDI ownership strategy: A Japan-US MNE Comparison”. *Management International Review*, 48(5): 491-524.

Much of the extant literature characterizes international joint venture (IJV) as a less stable and less successful form of organization. In this view, the IJV is considered a suboptimal ownership strategy, one where the firm lacks control over its operations, compared to wholly-owned subsidiary (WOS). We tested this widespread view on IJV and WOS by analyzing a large, longitudinal sample of Japanese MNEs, comparing our results to those from US MNEs reported in Desai et al. (2004) and Gomes-Casseres/Jenkins (2003). Japanese MNEs showed a stronger preference for IJVs over the last two decades as compared to US MNEs. IJV performance exceeded WOS among Japanese firms in most sample years, while WOSs outperformed IJVs among US subsidiaries in all sample years. Clear boundaries exist along the line of country-of-origin, with respect to the generalizability of the extant view toward IJVs.

Makino, Shige, Takehiko Isobe, Christine M. Chan, and Paul W. Beamish. 2007. “Intended and unintended termination of international joint ventures”. *Strategic Management Journal*, 28(11): 1113-1132.

This study proposes that international joint ventures (IJVs) are terminated either when the initial purposes of the formation of the IJV are achieved (intended termination), or when unanticipated contingencies that emerge in the external, internal, or inter-partner conditions after the establishment of the IJV impede the continuation of its operation (unintended termination). Our study examines the factors that affect intended and unintended termination and the longevity of IJVs. The findings show that approximately 90 percent of all IJV terminations are unintended and 10 percent are intended, and that the frequency of intended termination and unintended termination varies noticeably depending on the initial purposes of the formation of the IJV. This suggests that the termination of IJVs is significantly conditioned by their formation. The findings also show that the longevity of IJVs varies according to the initial purposes of formation, the initial conditions under which IJVs are formed, and the types of unanticipated contingencies that are encountered. This study discusses the key theoretical issues and practical implications of the distinction between the intended and unintended termination of IJVs.

Ainuddin, R. Azimah., Paul W. Beamish, John S. Hulland, and Michael J. Rouse. 2007. "Resource attributes and international joint venture performance". *Journal of World Business*, 42(1): 47-60.

Using the resource-based view of the firm as a theoretical basis, we examine how four key resource attributes affect performance. The relationship between resource attributes and performance is studied in the context of international joint ventures (IJVs), using data from 96 IJVs in Malaysia. Executives were asked to assess the extent to which four resources (product reputation, technical expertise, local business network and marketing skills) exhibited the following attributes: (1) value; (2) rarity; (3) imperfect imitability; and (4) non-substitutability. For each resource, the relationships between these attribute ratings and IJV performance were analyzed. We found that each of the four attributes had an influence on IJV performance, but that this varies by the type of resource involved. Value, rarity, and non-substitutability were found to be significant drivers of performance for IJV assets. In contrast, value, rarity, and non-imitability were critical attributes for organizational capabilities.

Arregle, Jean-Luc, Louis Hebert and Paul W. Beamish. 2006. Mode of international entry: The advantages of multilevel methods. *Management International Review*, 46(5): 597-618.

International strategy empirical research on the mode of entry has typically overlooked the multilevel nature of this question and relied on non-multilevel quantitative methods. This creates important conceptual and statistical limitations. We examine such drawbacks by explaining the multilevel nature of this research question and the necessity to use multilevel methods. -As an illustration, we develop a multilevel model and run a multilevel Bernoulli analysis to analyze the determinants of modes of entry, using a dataset on Japanese Foreign Direct Investment. Its results are compared to those of the dominant statistical method used in International Management for this topic: logistic regression.

Lu, Jane and Paul W. Beamish. 2006. "Partnering strategies and performance of SMEs' international joint ventures". *Journal of Business Venturing*, 21(4): 461-486.

The international joint venture (IJV) is an important mode in the internationalization of small and medium-sized enterprises (SMEs). Internationalization in turn is an entrepreneurial behavior in the pursuit of growth. Partnering strategies in the formation of IJVs can have significant effects on the outcome of SMEs' international expansion. In this study, we examine the performance implications of two types of resources contributed by SMEs' IJV partners, host country knowledge and size-based resources. We develop and test three sets of hypotheses about the longevity and financial performance of a sample of 1,117 international joint ventures established in 43 countries by 614 Japanese SMEs that have fewer than 500 employees. Our findings indicate that SMEs' IJVs with local partner(s) may be associated with decreases in longevity, especially when SMEs acquire host country knowledge. The host country experience of Japanese partner(s) does not have any direct effects on IJV profitability but reduces the longevity of IJVs. Finally, the size of Japanese partner(s) increases the longevity of IJVs but may have negative effects on IJV profitability when large Japanese partners have low equity ownership in IJVs. Our findings highlight the differential effects that IJV partners' experience-based and size-based resources have on IJV performance. Our findings also demonstrate that the same strategy could have different effects on different dimensions of performance.

Beamish, Paul W. 2006. Publishing international (joint venture) research for impact". *Asia Pacific Journal of Managemen*t, 23(1): 29-46.

Existing and potential scholars often ask whether it is possible to predict which articles will ultimately have large impact. A series of hypotheses were considered based on a citation analysis of 65 articles published from 1980 to 2003 regarding international joint ventures. It was found that a paper will tend to receive more citations as its age and the number of performance measures increases. Theory building papers tend to have more citations, followed by descriptive papers and finally hypothesis testing papers. Papers that appeared in tier 1 journals, and that considered theory in any way, explained a larger amount of the variance. Sample size was not an important predictor and explained little variance. Number of authors played no role. Collectively, the seven variables considered explained slightly less than two thirds of the total variance.

Goerzen, Anthony and Paul W. Beamish. 2005. The effect of alliance network diversity on multinational enterprise performance. *Strategic Management Journal*, 26(4): 333-354.

This paper examines the impact of alliance network diversity on multinational enterprise (MNE) economic performance. We consider competing hypotheses derived, alternatively, from transaction cost theory and network theory. Using a latent variable structural equation modeling approach on a sample of 580 large MNEs, we find that MNEs with more diverse alliance networks experience lower economic performance on average with those than less diverse alliance networks.

Beamish, Paul W. and Jae Jung. 2005. The performance and survival of joint ventures with parents of asymmetric size. *International Management*, 10(1): 19-30.

Researchers have argued that IJV performance and survival is affected significantly by its parent firms. In this regard, previous studies mostly focused on the relationship between an IJV and its individual parents, while leaving the relationship between parents firms unexplored. This study considered whether size asymmetry between IJV parents is an additional factor influencing IJV performance and survival. From the perspective of transaction cost economics and resource-based view, we proposed two opposing hypotheses. To test the hypotheses, we used 261 firm-year observations of 145 Japanese IJVs in 1996, 1998 and 2000, with generalized estimating equations

(GEEs) and Chi-square tests. No significant relationship was found between size asymmetry between parents and IJV performance and survival.

Chung, Chris Changwha and Paul W. Beamish. 2005. Investment mode strategy and expatriate strategy during times of economic crisis". *Journal of International Management*, 11(3): 331-355.

This study examines the main and interaction effects of investment mode strategy and expatriate strategy on subsidiary survival during times of economic crisis. We propose that the capitalization of multinational flexibility across multi-country networks enhances the survival of subsidiaries in an environment of economic crisis. Based on a longitudinal analysis that encompasses the characteristics and survival of Japanese subsidiaries in Asian countries, both before and after the 1997 Asian Economic Crisis, we find that greenfield wholly-owned subsidiaries are more likely to survive than greenfield joint ventures and acquired wholly-owned subsidiaries during times of economic crisis. The interaction effect between expatriate strategy and investment mode strategy however suggests that the further the subsidiaries have structurally been distant from the multinational networks, the more benefit they can extract from the greater number of expatriates. Consistently, we find that the greater number of expatriates is more likely to enhance the survival of greenfield joint ventures and acquired wholly-owned subsidiaries than greenfield wholly-owned subsidiaries. However, the positive interaction effect between investment mode strategy and expatriate strategy is not significant in an economically stable environment. The competing explanations of the dynamic capability logic of multinational flexibility and the real option logic of sunk costs are considered in this study.

Lu, Jane and Paul W. Beamish. 2004. Network development and firm performance: A field study of internationalizing Japanese firms. *Multinational Business Review*, Special Issue, 12(3): 41-61.

This paper explores the potential competitive advantages from the development of an internal network of subsidiaries and external network of alliances. Given the broad scope and lack of systematic investigation in prior research, clinical field research was conducted in eleven Japanese subsidiaries in China. Our in-depth interviews revealed that there are benefits and costs associated with the development of both subsidiary networks and alliance networks. While there are exploitation and exploration benefits from subsidiary network development, internationalizing firms (especially smaller firms) are subject to the liability of foreignness. Alliance network development is an effective way to mitigate this liability if internationalizing firms choose the right alliance strategy.

Makino, Shige, Paul W. Beamish and Bin Zhao. 2004. The characteristics and performance of Japanese FDI in less developed and developed countries. *Journal of World Business*, 39(4): 377-392.

Data on 26,857 Japanese foreign investments in 150 countries and regions over the 1991-1999 period reveal that there are stark differences in the characteristics and performance of Japanese FDI (JFDI) between less developed countries (LDCs) and developed countries (DCs). JFDI in LDCs has been growing more rapidly over the period, and it is concentrated in the Secondary industrial sector, with a lower level of control within a subsidiary, and has been initiated by parent firms with market-seeking and labor-seeking purposes and with relatively weak ownership advantages. In contrast, JFDI in DCs has maintained relatively stable growth over the period, is concentrated in the Tertiary industrial sector, with a higher level of control within a subsidiary, and has been initiated by parent firms with market-seeking and strategic-seeking purposes and with relatively strong ownership advantages. JFDI in LDCs tended to attain a higher financial performance and a lower exit rate, yet with a greater variance, than those in DCs.

Choi, Chang and Paul W. Beamish. 2004. Split management control and international joint venture performance. *Journal of International Business Studies*, 35(3): 201-215.

A framework is presented to characterize four different ways that management control is partitioned between MNE and local partners. The four ways are split control management, shared management, MNE partner-dominant management, and local partner-dominant management. The framework was then tested using a sample of international joint ventures in Korea. We found that joint ventures following split control management performed better than any other approach. However, no performance differences were found among the remaining three types of management control. This suggests that MNE and local partners should split control, i.e., choose the activities to control so that those chosen activities can be matched with their respective firm-specific advantages.

Xu, Dean, Yigang Pan and Paul W. Beamish. 2004. The effect of regulative and normative distances on MNE ownership and expatriate strategies. *Management International Review*, 44(3): 285-307.

Researchers have used cultural distance to explain strategic and operational control mechanisms of the multinational enterprise, yet the construct has failed to yield consistent results. This study proposed two new measures of country differences, regulative and normative distances, from an institutional perspective, and examined their effect on MNE ownership and expatriate strategies.

Beamish, Paul W. and Ariff Kachra. 2004. Number of partners and JV performance. *Journal of World Business*, 39(2): 107-120.

Using the largest-ever sample of international equity JVs with three or more partners, this study examines the relationship between the number of partners in a JV and performance. Resource-based theory and the transaction cost perspective are used to explore whether the increases in transaction costs are balanced off by increased benefits as the number of partners grows. Four hypotheses are developed and tested on a sample of 1,335 Japanese JVs in 73 countries, not including Japan. No significant relationship was observed between number of partners in an international JV and JV performance, even when moderators like JV type were considered.

Delios, Andrew and Paul W. Beamish. 2004. Joint venture performance revisited: Japanese foreign subsidiaries worldwide. *Management International Review*, 44(1): 69-91.

Our evidence from the analysis of performance data on 27,974 foreign subsidiaries challenges conventional notions about joint venture survival rates and financial performance. This evidence suggests the need for future research to explore why joint ventures survive as well as they do, why wholly-owned subsidiaries have exit rates comparable to joint ventures, and why joint ventures had a level of financial performance at least equal to wholly-owned subsidiaries.

Dhanaraj, Charles and Paul Beamish. 2004. Effect of equity ownership on the survival of international joint ventures. *Strategic Management Journal*, 25(3): 295-305.

This note extends transaction cost analysis of International Joint Ventures (IJVs) to include explicitly the effect of equity. It challenges the common practice of treating all foreign investments with between 5 and 95% equity as IJVs. A fine-grained analysis of the role of foreign equity ownership on the survival of 12,984 overseas subsidiaries confirms a declining, non-linear and asymmetrical relationship between equity and mortality in overseas subsidiaries. While investments involving small ownership levels (<20%) have a very high mortality rates, those with high ownership levels (>80%) have mortality rates comparable to that of wholly owned subsidiaries. Implications for research, practice and policy are discussed.

Beamish, Paul W. and Iris Berdrow. 2003. Learning from IJVs: The unintended outcome. *Long Range Planning,* 36(3): 285-303.

International joint ventures (IJVs) have been suggested as a vehicle to provide opportunities for each partner to gain access to existing knowledge and develop new knowledge. This paper seeks to determine whether in fact IJVs are motivated by a learning imperative. A typology of learning opportunities is measured, mapping out if any learning occurs within the IJV network, and if so where. The processes measured were *transfer* of existing knowledge to the IJV and between partners, *transformation* of knowledge through IJV activities to create new knowledge, and the *harvesting* of newly created knowledge from the IJV back to partner firms. Our data suggests that production-based IJVs are not typically motivated by learning outcomes. We find no conclusive evidence of a direct relationship between learning and performance. However, for a minority of firms, there *are* strong indirect learning outcomes, particularly regarding partnering and market knowledge.

Beamish, Paul W. and Chol Lee. 2003. The characteristics and performance of affiliates of small and medium size multinational enterprises in an emerging market. *Journal of International Entrepreneurship*, 1(1): 121-134.

Little has been reported on the characteristics and performance of affiliates of small and medium-sized multinational enterprises (MNEs) operating in emerging markets. The paper has two research objectives: to assess characteristics of Korean affiliates of small and medium-sized MNEs, and identify the determinants of performance. Seven hypotheses were formulated and tested on a sample of Korean subsidiaries of small and medium-sized MNEs by using a bootstrap method of regression analysis. We found that: affiliates of small and medium-sized MNEs in Korea favored joint ventures with local firms rather than wholly-owned subsidiaries; ownership rate was directly related to the degree of control from the parent firm; and performance was determined significantly by the degree of control exercised by parent firms and their exporting levels. Age, size, and R&D expenditures had no relationship with the performance of affiliates of small and medium-size MNEs in Korea.

Beamish, Paul W. and Ruihua Jiang. 2002. Investing profitably in China: Is it getting harder? *Long Range Planning*, 35(2): 135-151.

Using information from the Japanese database Toyo Keizai, this article studies the performance of 2,962 foreign subsidiaries across the period 1985–1999 to show a picture of declining profitability from foreign direct investment by MNE’s in China. Despite the influence of macro-level factors, such as the historically fluctuating performance of the Chinese economy, we observed that of the many factors that may affect profitability, subsidiary-specific factors had the greater influence. The findings suggest that there are significant benefits for early entrants into the market, but caution against the use of high majority ownership control. Other evidence showed that larger subsidiaries tended to perform better. Managerial implications for MNEs and the future prospects of foreign direct investment in China are discussed.

Fey, Carl and Paul W. Beamish. 2001. Organizational climate similarity and performance: International joint ventures in Russia. *Organization Studies*, 22(5): 853-882.

This study examines how organizational climate dissimilarity between parent firms and the joint venture (JVI) affects joint venture performance. Data are obtained from interviews with the general manager of 40 IJVs and questionnaires completed by top-level managers from both parents and the JVO (6people /IJV). Results indicate that to have the best chance at success, it is important for a firm starting a joint venture to select a partner with an organizational climate similar to its own. Results also indicate that it is important to create an organizational climate at the JVO that is similar to the foreign parent's organizational climate.

Delios, Andrew and Paul W. Beamish. 2001. Japanese ownership strategies for subsidiaries in Asia. *Global Focus*, 13(2): 173-185.

The countries in Asia accounted for more than half of all Japanese foreign subsidiaries operating in 1999. Notable among these subsidiaries was the frequent use of joint ventures compared to entries made elsewhere in the world, and a relatively high level of equity ownership by local firms within those joint ventures. As a means to explain the high use of joint ventures, and as a way to better understand the formulation of ownership strategies, we introduce, discuss, and provide examples of three ownership strategy influences, which we term transactional, experience, and institutional influence. We contend that these influences affected the ownership strategies of Japanese firms when forming foreign subsidiaries in Asia and elsewhere in the world. Based on this description and analysis of ownership strategies, we advance several implications for public policy makers and managers in multinational firms.

Neupert, Kent and Paul W. Beamish. 2001. Implementing product development alliances. *International Journal of Entrepreneurship and Innovation Management*, 1(3/4): 425-443.

This study examines the implementation of product development alliances in the North American telecommunications equipment industry. The purpose of the paper is to : (1) develop a model of alliance implementation, (2) empirically test the model, (3) identify determinants of alliance implementation. The model is tested on two dimensions: (1) using performance evaluation criteria (expected results) and (2) using perceptions of actual performance (actual results). Performance evaluation criteria explains a much larger amount of variation in alliance performance than does perceptions of actual performance suggesting that while managers are able to identify what is important to implementing strategic alliances, they have difficulty actually achieving optimum performance.

Lu, Jane and Paul W. Beamish. 2001. The internationalization and performance of SMEs. *Strategic Management Journal*, 22(6/7): 565-586.

We discuss and explore the effects of internationalization, an entrepreneurial strategy employed by small and medium-sized enterprises (SMEs), on firm performance. Using concepts derived from the international business and entrepreneurship literatures, we develop four hypotheses that relate the extent of foreign direct investment (FDI) and exporting activity, and the relative use of alliances, to the corporate performance of internationalizing SMEs. Using a sample of 164 Japanese SMEs to test these hypotheses, we find that the positive impact of internationalization on performance extends primarily from the extent of a firmness' FDI activity. We also find evidence constant with the perspective that firms face a liability of foreignness. When firms first benefit FDI activity, profitability declines, but greater levels of FDI are associated with higher performance. Exporting moderates the relationship FDI has with performance, as pursuing a strategy of high exporting concurrent with high FDI is less profitable than one that involves lower levels of exports when FDI levels are high. Finally, we find that alliances with partners with local knowledge can be an effective strategy to overcome the deficiencies SMEs face in resources and capabilities, when they expand into international markets.

Fey, Carl and Paul W. Beamish. 2000. Joint venture conflict: The case of Russian international joint ventures. *International Business Review*, 9(2): 139-162.

This paper investigates the importance of firms forming joint ventures having similar organizational climates such that the chances of inter-party conflict arising will be minimized. The study is based on 40 Russian international joint ventures (IJVs) and has both qualitative and quantitative elements. Support was provided for inter-party IJV conflict being an important outcome of IJV activity to

monitor (and try to minimize) when evaluating IJV success. Further, evidence was presented to show that similar firms forming an IJV are more likely to have less conflict than more dissimilar firms.

Makino, Shige and Paul W. Beamish. 1999. Matching strategy with ownership structure in Japanese joint ventures. *Academy of Management Executive*, 13(4):17-28.

Although many international joint ventures (JV) are formed in the traditional way between foreign and local firms, nontraditional forms are increasingly being utilized. Four distinct types of JV ownership structure are identified, based on partner nationality and affiliation. Senior executives of 2 large Japanese firms with joint ventures in Asia suggested 3 distinct strategies corresponding to the choice of JV ownership structure. These involve exploiting the competitive advantage specific to a parent firm, or to a pre-existing relationship, and complementing local partners' competitive advantage. Several key issues regarding JV partner selection and the development of a sustainable relationship between JV partners that are relevant to American executives and those from other countries are considered.

Delios, Andrew and Paul W. Beamish. 1999. Ownership strategy of Japanese firms: Transactional, institutional and experience influences. *Strategic Management Journal*, 20(10): 915-933.

The effects of transactional, institutional, and experience influences on the ownership strategies of Japanese investors are compared. The theoretical development suggests that the equity position of a foreign investor should increase as the specificity of the assets transferred to the foreign affiliate increases, but a lower equity position should be assumed when the foreign investor requires complementary assets to establish a foreign entry. International experience and a strong institutional environment also should lead to increases in the equity position of the foreign investor. These relationships were tested with data on more than 1000 Japanese investments in 9 countries of East and South-East Asia. The results demonstrate that experience and institutional factors were the most important influences on the ownership position taken in the foreign investment, while transactional factors had a much less important and a more ambiguous role.

Fey, Carl and Paul W. Beamish. 1999. Strategies for managing Russian-International joint venture conflict. *European Management Journal*, 17(1): 99-106.

Based on an analysis of the experiences of 40 Russian IJVs, this study presents nine strategies for managing intra-IJV conflict such that it will have a minimal negative impact on IJV performance. Following the strategies suggested in this paper presents an opportunity for other Russian IJVs to learn from the experience of the IJVs in this study and thus avoid some of the problems that conflict can produce.

Makino, Shige and Paul W. Beamish. 1998. Performance and survival of joint ventures with non-conventional ownership structures. *Journal of International Business Studies*, 29(4): 797-818.

The international joint venture (JV) literature has focused on two parent JVs formed between one foreign and one local firm. Yet, other types of JVs exist. This paper identifies four distinct forms of JVs based on the JV partners' nationality and equity affiliation. These are: (i) JVs that are formed between affiliated home-country based firms; (ii) JVs that are formed between unaffiliated home-country based firmsl; (iii) JVs that are formed between home-country based and local firms; and (iv) JVs that are formed between home-country and third-country based firms. Our analysis of 737 Japanese JVs in Asia demonstrates that the conventionally assumed form of JV represented only 30 percent of the total. Further, each of the four JV forms significantly differed in terms of incidence, performance, and survival likelihood.

Beamish, Paul W. 1998. Equity joint ventures in China: Compensation and motivation. *Ivey Business Quarterly,* 63(1): 67-68.

There are now more than 100,000 foreign-local joint ventures operating in China, and many executives are trying to determine what makes them work and what they can do to improve performance. There are American joint ventures failing in part because managers do not seem to understand compensation and motivation within the ventures. Two issues dominate: 1. fairness, more specifically expatriate versus local compensation packages, and 2. the use of North American reward management based on models versus hybrids.

Makino, Shige and Paul W. Beamish. 1998. Local ownership restrictions, entry mode choice, and FDI performance: Japanese overseas subsidiaries in Asia. Special Issue on Government-Business Relations in Asia. *Asia Pacific Journal of Management,* 15(2): 119-136.

This study examines the moderating effects of a host government's local ownership restrictions on the linkage between the choice of foreign entry mode and its performance, using a sample of 917 Japanese foreign subsidiaries in Asia. The study focuses on two foreign entry modes, joint ventures (JVs) and wholly-owned subsidiaries (WOS), and two performance measures, financial performance and termination rate. The results suggest that the extent of local ownership restrictions is negatively and significantly associated with the financial performance of WOS, whereas it does not directly influence that of JVs. There is no clear association between the extent of local ownership restrictions and the termination rate for the JV and WOS samples.

Inkpen, Andrew C. and Paul W. Beamish. 1997. Knowledge, bargaining power and the instability of international joint ventures. *Academy of Management Review,* 22(1): 177-202.

Although the high rate of instability of international joint ventures (IJVs) has been well documented, the underlying reasons for the instability need clarification. In this article, we develop a theoretical framework for instability of IJVs grounded in a bargaining power and dependence perspective. Instability is defined as a major change in partner relationship status that is unplanned and premature from one or both partners' perspectives. The core argument is that the instability of IJVs is associated with shifts in partner bargaining power. Shifts in the balance of bargaining power occur when partners of an IJV acquire sufficient knowledge and skills to eliminate a partner dependency and make the IJV bargain obsolete. Our primary focus is on the acquisition of local knowledge by the foreign partner and the impact that this acquisition of knowledge has on the stability of the IJV.

Nitsch, Detlev, Paul W. Beamish and Shige Makino. 1996. Entry mode and performance of Japanese FDI in Western Europe. *Management International Review,* 36(1): 27-44.

The performance of Japanese subsidiaries located in Europe is compared on the basis of the ownership-based entry modes of 173 subsidiaries in 1994. Theory predicts that greenfield, wholly-owned subsidiaries will perform best, followed by joint ventures and acquisitions. Performance data at the subsidiary level provide strong evidence of poorer performance by acquisitions versus the other 2 modes. The transaction cost approach is adopted in analyzing the relative performance of ownership-based foreign entry modes.

Nitsch, Detlev, Paul W. Beamish and Shige Makino. 1995. The characteristics and performance of Japanese Foreign Direct Investment in Europe. *European Management Journal,* 13(3): 276-285.

This article provides an illuminating presentation of the characteristics and performance of 118 Japanese subsidiaries in Europe. Performance of the subsidiary is considered in relation to the initial mode of entry, industry and country of entry, subsidiary size, and reasons for entering. Japanese investment in Europe grew significantly in the late 1980s, but was heavily concentrated in a few industries. Entry mode preferences have also shifted, away from greenfield start-ups to more use of joint ventures. Conclusions are of interest to European and non-European corporate managers, and public policy-makers.

McLellan, Kerry, Barbara Marcolin and Paul W. Beamish. 1995. The financial and strategic motivations behind IS outsourcing. *Journal of Information Technology,* 10(4): 299-321.

Information Systems (IS) functions and whole IS departments are being outsourced in industries where the IS functions have been considered 'core' to the success of that business. Why and how senior management came to make these decisions is the focus of this article. It explains the motivations behind Information Technology (IT) outsourcing when alliance theories suggest firms would not outsource an entity if core competency would be lost. Seven case studies were used to investigate the IT outsourcing phenomenon in the observed 'alliance-like' relationships emerging in the banking industry in the early 1990s. Inductive theory generating research was undertaken. Before the case studies were conducted, 40 preliminary interviews were undertaken with managers of companies that were and were not involved in IT outsourcing contracts. The results suggest that financial motivations underlie many IT outsourcing decisions, and unresponsive IS departments are accelerating the pace of the outsourcing process. IT outsourcing was found to have profound effects on the expenses for the banks. However, contrary to conventional wisdom, IT outsourcing is taking place within firms and industries which utilize IS activities that are considered core competencies. Several strategic motivations were presented that may explain this management decision. Firms were undertaking IT outsourcing to change the organizational boundaries, to restructure, to mitigate technological risk and uncertainty, to access emerging technology, to manage the IS department better, and to link business and IT strategy.

Lee, Chol and Paul W. Beamish. 1995. The characteristics and performance of Korean joint ventures in LDCs. *Journal of International Business Studies,* 26(3): 637-654.

Little has been reported on joint ventures between firms from newly industrialized countries and developing countries. This paper examines twelve characteristics of a sample of Korean firms with partners in developing countries (LDCs) and contrasts them with existing research where (a) developed country firms have linked with firms in other developed countries, and (b) developed country firms have linked with local firms in developing countries. As part of the analysis, ten hypotheses were formulated and tested.

Relative to previous findings on joint ventures from developed countries in LDCs, differences were found in terms of stability, venture creation rationale, satisfaction level with performance, and the relationship between control and performance and between ownership and control.

Beamish, Paul W. and Andrew C. Inkpen. 1995. Keeping international joint ventures stable and profitable. *Long Range Planning,* 28(3): 26-36.

If international joint ventures are inherently unstable organizational forms, as researchers and managers have suggested, why do some ventures survive and prosper for many years? This article argues that foreign partners' knowledge of the local economic, political, and cultural environments is a critical factor in the stability of international joint ventures. When the foreign partner is no longer satisfied with access to local knowledge and seeks to acquire this knowledge, the probability of joint venture instability increases substantially. This article suggests that if managers are aware of the factors influencing joint venture stability, they may be able to prevent or control premature changes in partner relationships.

Woodcock, Patrick C., Paul W. Beamish and Shige Makino. 1994. Ownership-based entry mode strategies and international performance. *Journal of International Business Studies,* 25(2): 253-273.

This study examines the relationship between ownership entry modes and performance. The ownership entry modes examined are the wholly owned modes of acquisition and new venture entry, and the non-wholly owned mode of joint venture entry. A theoretical relationship is developed for international entry modes that is based on the contingency characteristics of resource requirements and organizational control factors. This model suggests that different entry modes have different performance outcomes based upon their resource and organizational control demands. The theoretical model, although developed using the eclectic theoretical approach, is based largely on concepts and relationships previously delineated in contingency theory. Our hypotheses suggest that new ventures should outperform joint ventures, and joint ventures should outperform acquisitions. An empirical test using a sample of 321 Japanese firms entering the North American market provides supporting evidence.

McLellan, Kerry and Paul W. Beamish. 1994. The new frontier for information technology outsourcing: International banking. *European Management Journal,* 12(2): 210-215.

Two international banking challenges will provide the future growth and rationale for information technology (IT) outsourcing in the financial sector. The first challenge is the multi-faceted risk associated with cross-border financial flows. Institutions are attempting to manage long-term risk through the use of financial derivative products. However, most short-term risk relates to structural or settlement system shortcomings, and individual institutions have few risk management tools. The 2nd challenge involves the difficulty of developing truly global full-service financial firms. National regulations remain the major obstacle to foreign direct investment. Yet de-regulation, particularly within Europe and North America, has highlighted the difficulty of developing critical mass within fragmented national financial sectors. IT outsourcing could be a powerful tool in addressing these challenges.

Stevens, Dennis and Paul W. Beamish. 1993. Forging alliances in Mexico. *Business Quarterly,* 58(2): 79-84.

According to interviews and a survey of Canadian companies doing business in Mexico, whatever form a Canadian company's entry into the market took, it was in almost all cases undertaken with a Mexican partner or contact. Most respondents indicated that, not only do Mexicans make a habit of mixing business with pleasure, they depend on it. Canadian companies currently in Mexico concur and overwhelmingly view establishing trust as very important to doing business with Mexicans. Canadian companies have an advantage over their US counterparts. In many interviews, Mexicans expressed a preference to doing business with Canadians because the two tend to be more compatible with each other - a view reflected by both Canadian and Mexican executives. The survey indicated that establishing the initial contact to find proper representation in Mexico was not very difficult. The time and cost to develop the business in Mexico was quite varied. A local partner should complement a company's capabilities, providing the expertise, insights and contacts that can propel the two to further heights.

Beamish, Paul W. 1993. The characteristics of joint ventures in the People's Republic of China. *Journal of International Marketing,* 1(2): 29-48.

The characteristics of international equity joint ventures in the People's Republic of China (PRC) are compared to joint ventures in developing country market economies. The characteristics of Sino-foreign joint ventures were derived from 12 studies published since 1986. Twelve joint venture characteristics are reviewed along dimensions of design, management, and performance. Joint ventures in the PRC are frequently used, created due to government pressure and with government partners, and often formed with partners from ethnically related countries. Further, many intended joint ventures are never implemented and those that are implemented have often been set up for a predetermined duration. The foreign partner most commonly has a minority equity position, and those who have used split control have seen stronger performance. Overall joint venture stability has been high, but is expected to decline, and foreign partner satisfaction with performance is low.

Beamish, Paul W. 1992. Russki adventures. *European Management Journal,* 10(4): 465-476.

Guy Crevasse and Andrei Kakov, the two major partners in Russki Adventures, explored the possibility of starting a helicopter skiing operation in Russia. Their plan was to bring clients from Europe, North America, and Japan to the Caucasus Mountains to ski the vast areas of secluded mountain terrain made accessible by the use of helicopters and the business opportunities offered by glasnost. There were three options for proceeding being considered. The first was to proceed with the venture on their own in the Caucasus Mountains area, made available to them by a Soviet government agency. The second was to accept a partnership offer with Extreme Dreams, a French tour operator that had begun operations in the Caucasus region. The final option was to not proceed with the venture. A study of the venture includes information on: 1. the company founders, 2. the helicopter skiing industry, 3. the Russian environment, 4. the proposed market positioning of the business, 5. the potential alliance partners, and 6. financial analysis forecasts under several scenarios.

Lane, Henry W. and Paul W. Beamish. 1990. Cross-cultural cooperative behavior in joint ventures in LDCs. *Management International Review,* 30(Special Issue): 87-102.

North American behavioral patterns and cultural influences that may be barriers to increased global effectiveness are discussed. These influences on the process of establishing and managing joint ventures in less developed countries (LDC) are examined, namely, in Latin America, Africa, Southeast Asia, and the Caribbean region. Developing a business in the Third World is a long-term investment. An unwillingness to spend the requisite amount of time in a country may be indicative of an unrealistic superiority complex. Identifying and selecting a partner is perhaps the most important consideration in establishing a cooperative venture. Good local partners are more apt to have access to competent local managers than are foreign firms. The use of many local managers is recommended to ensure that the foreign parent acquires the necessary knowledge of the local economy, culture, and politics. In the joint ventures investigated, a turnaround of poor performers involved a rethinking of attitudes by the foreign parent toward the value of the local partners.

Beamish, Paul W. and Hui Y. Wang. 1989. Investing in China via joint ventures. *Management International Review,* 29(1): 57-64.

Data on 840 joint ventures (JV) formed in the Peoples' Republic of China between foreign and Chinese organizations are taken from the China Investment Guide (1985, 1986), entered into a computerized database, and statistically analyzed using a frequencies program. These data cover: 1. the region of investment in China, 2. the industry where the investment occurred, 3. the total investment in US dollars, 4. the foreign equity contribution in US dollars, and 5. the predetermined duration in years of the JVs formed. Foreign firms considering investing in China typically are pointed in the direction of the 4 Special Economic Zones, the Major Municipalities, or the 14 Coastal Cities. Up to 1984, more then 75% of the JVs in China were with partners from Hong Kong. Most of the JVs established have been in the manufacturing sector, with accommodation, particularly tourism, being the 2nd largest area. Foreign investors must remember that a long-term, flexible attitude is needed at all times.

Beamish, Paul W. and John C. Banks. 1987. Equity joint ventures and theory of the multinational enterprise. *Journal of International Business Studies*, 18(2): 1-16. (Winner of the 1997 JIBS Decade Award.)

This paper extends the internalization approach to the theory of the multinational enterprise (MNE) to include an expanded role for equity joint ventures. Using the transaction cost paradigm of Williamson, this paper explains why joint ventures may sometimes be preferred over wholly owned subsidiaries. Also presented is empirical work on joint-venture performance in developing countries which demonstrates that under certain conditions joint ventures can be the optimal mode of foreign direct investment.

Beamish, Paul W. 1987. Joint ventures in LDCs: Partner selection and performance. *Management International Review*, 27(1): 23-37. Reprinted in *Management International Review Special Issue*, 2/94, 34: 60-74.

The question of how the performance of joint business ventures in less developed countries (LDC) could be improved is addressed. Data for this study was collected in 3 phases - a pilot survey, a pre-test, and hypothesis testing, on a total of 66 joint ventures in LDCs. Data was collected via 46 interviews and 18 completed questionnaires. One of the patterns emergent from the research was that multinational enterprise (MNE) executives in high-performing ventures looked to their local partners for greater contributions than did MNE executives in low-performing ventures. Multinational executives in the high-performing ventures characteristically looked to local partners for contributions in general managers, functional managers, knowledge of current local business practices, and general knowledge of the economy. These contributions can be collapsed into 2 general groups: local management and local knowledge. By way of contrast, multinational executives in low-performing ventures characteristically looked to their partners for contributions in being able to satisfy existing/expected government requirements for local ownership or to avoid political intervention.

Conley, Terrance W. and Paul W. Beamish. 1986. Joint ventures in China: Legal implications. *Business Quarterly*, 51(3): 39-43.

Nearly all of the foreign direct investment in China has been through the joint venture organization form. The Chinese joint venture laws governing such investment are quite distinct from those in other countries. Managers – not solely lawyers – in Canadian firms contemplating an equity joint venture investment in China require familiarity with this legal system. This article presents a managerially oriented overview of recent developments in Chinese joint venture laws. Particular emphasis is placed on various dimensions of the Implementing Regulations: Establishment and Approval; Capital Contribution; Control and Management; Planning, Purchasing and Selling; Taxation; Financial Matters and Foreign Exchange; Duration, Dissolution and Liquidation; and Dispute Settlement and Arbitration.

Beamish, Paul W. 1985. The characteristics of joint ventures in developed and developing countries. *Columbia Journal of World Business*, 20(3): 13-19.

By analyzing recent empirical evidence, this paper shows that certain characteristics of joint venture multinational enterprises differ between developed and developing countries (LDCs), and that joint ventures in LDCs are characterized by a higher instability rate and greater managerial dissatisfaction. The characteristics examined include reasons for creating the venture, autonomy, stability, performance, frequency of government partners and ownership.

CASES (23)

9B09M044
GIANT INC.: FORMATION OF THE A-TEAM
Yu C-M (Joseph), Beamish PW
Teaching Note: 8B09M44, 8 page(s)

This case describes the history and activities of the A-Team, a major alliance of bicycle assembly firms and parts suppliers in Taiwan, which was created in 2003. A strategic alliance with competitors posed challenges. For the A-Team, it was more complicated because the alliance was between both competing bicycle assembly firms and between parts suppliers. By 2006, progress had been made in making the alliance work but the senior executives were wondering what they could do to ensure future progress. The case can be used in a strategy module or course on alliances/joint ventures in a section examining the competition versus cooperation challenge.

Industry : Miscellaneous Manufacturing Industries
Issue(s) : Location Strategy, Networks, Alliances, Competitive Strategy, Learning
Setting : Taiwan, Large organization, 2006
Level of Difficulty : MBA and Undergraduate
Length : 10 page(s)

9B06M088
YUNNAN BAIYAO: TRADITIONAL MEDICINE MEETS PRODUCT/MARKET DIVERSIFICATION
Beamish PW ; Peng G
Teaching Note: 8B06M88, 12 page(s)

In 2003, 3M initiated contact with Yunnan Baiyao Group Co., Ltd. (YB) to discuss potential cooperation opportunities in the area of transdermal pharmaceutical products. YB's, namesake, of one of its main products, Yunnan Baiyao, was a household brand in China for its unique traditional herbal medicines. In recent years, the company had been engaged in a series of corporate reforms and product/market diversification strategies to respond to the change in the Chinese pharmaceutical industry and competition at a global level. By 2003, YB was already a vertically integrated, product-diversified group company with an ambition to become an international player. The proposed cooperation with 3M was attractive to YB, not only as an opportunity for domestic product diversification, but also for international diversification. YB had been attempting to internationalize its products and an overseas department had been established in 2002 specifically for this purpose. On the other hand, YB had also been considering another option for some time, namely, whether to extend its brand to toothpaste and other healthcare products. YB had to make decisions about which of the two options to pursue and whether it was feasible to pursue both.

Industry: Health Services
Issue(s): Internationalization, Brand Extension, Alliances, Product Diversification
Setting: China, medium organization, 2003
Level of Difficulty: MBA and Undergraduate
Length: 17 page(s)

9B06M006
NORA-SAKARI: A PROPOSED JV IN MALAYSIA (REVISED)
Beamish PW ; Ainuddin RA
Teaching Note: 8B06M06, 12 page(s)

This case presents the perspective of a Malaysian company, Nora Bhd, which was in the process of trying to establish a telecommunications joint venture with a Finnish firm, Sakari Oy. Negotiations have broken down between the firms, and students are asked to try to restructure a win-win deal. The case examines some of the most common issues involved in partner selection and design in international joint ventures.

Industry: Communications Industry
Issue(s): Joint Ventures, Negotiation, Emerging Markets, Intercultural Relations
Setting: Malaysia/Finland, large organization, 2003
Level of Difficulty: MBA and Undergraduate
Length: 21 page(s)

9B06M048
RESINA: MANAGING OPERATIONS IN CHINA
Beamish PW ; Mitchell J
Teaching Note: 8B06M48, 11 page(s)

Resina is a global manufacturer of resins and surfacing solutions headquartered in Helsinki, Finland, and has three production facilities and 12 sales offices in China. The head of Asia Pacific for Resina needs to decide what should be done about Beijing and Guangdong. Should Beijing remain in operation, be shut down, or moved to another area where demand for liquid bulk resins is stronger. Similar options exist in Guangdong. In aiming towards profitable operations, he needs to consider the buoyancy of local demand, Resina's partner in Beijing, local and foreign competitors and appropriate managers in each operation.

Industry: Lumber and Wood Products
Issue(s): Joint Ventures, Operations Management, Risk Analysis, International Management
Setting: China/Finland, large organization, 2005
Level of Difficulty: MBA and Undergraduate
Length: 24 page(s)

9B06M016
CAMERON AUTO PARTS (B) - REVISED
Crookell H ; Beamish PW
Teaching Note: 8B06M16, 7 page(s)

Two years after signing a license agreement in the U.K., the company now faces an opportunity to establish with another firm a joint venture in France for the European market. However, the prospect upsets the U.K. licensee who is clearly doing very well, and who even wants Cameron to consider joint venturing with him in Australia. The case ends with Cameron, run off its feet in North America, trying to decide whether to enter Europe via licensing, joint venture or direct investment. (This case is a sequel to Cameron Auto Parts (A) - Revised, case 9B06M015.)

Industry: Transportation Equipment
Issue(s): Corporate Strategy, International Business, Joint Ventures, Licensing
Setting: US/Australia/EU
Level of Difficulty: MBA and Undergraduate
Length: 11 page(s)

9B06M005
NOTE ON INTERNATIONAL LICENSING
Beamish PW

Licensing is a strategy for technology transfer; and an approach to internationalization that requires less time or depth of involvement in foreign markets, compared to exports, joint ventures, and foreign direct investment. This note examines when licensing is employed, risks associated with it, intellectual property rights, costs of licensing, unattractive markets for licensing, and the major elements of the license agreement.

Issue(s): Corporate Strategy, Internationalization, Licensing, Technology Transfer
Setting: 2005
Level of Difficulty: MBA and Undergraduate
Length: 20 page(s)

9B05M034
TAMING THE DRAGON: CUMMINS IN CHINA (CONDENSED)
Dhanaraj C ; Morgan M ; Li J ; Beamish PW
Teaching Note: 8B05M34, 14 page(s)

This case documents more than 15 years of U.S.-based Cummins, a global leader in diesel and allied technology, and its investment activities in China. While the macro level indicators seem to suggest the possibility to hit $1 billion in revenues in China by 2005, there were several pressing problems that put into question Cummins' ability to realize this target. Students are presented with four specific situations and must develop an appropriate action plan. They are related to the respective streamlining and consolidation of several existing joint ventures, distribution and service, and staffing. The case presents the complexity of managing country level operations and the role of executive leadership of a country manager.

Industry: Transportation Equipment
Issue(s): International Strategy, International Joint Venture, Country Manager, Global Strategy
Setting: China, large organization, 2001
Level of Difficulty: MBA and Undergraduate
Length: 18 page(s)

9B05M035
MAJESTICA HOTEL IN SHANGHAI?
Beamish PW ; Lu J
Teaching Note: 8B05M35, 7 page(s)

Majestica Hotels Inc., a leading European operator of luxury hotels, was trying to reach an agreement with Commercial Properties of Shanghai regarding the management contract for a new hotel in Shanghai. A series of issues require resolution for the deal to proceed, including length of contract term, name, staffing and many other control issues. Majestica was reluctant to make further concessions for fear that doing so might jeopardize its service culture, arguably the key success factor in this industry. At issue was whether Majestica should adopt a contingency approach and relax its operating philosophy, or stick to its principles, even if it meant not entering a lucrative market.

Industry: Hotels, Rooming Houses, Camps
Issues: Negotiation, Corporate Culture, Market Entry, Control Systems
Setting: China, large organization, 2005
Level of Difficulty: MBA and Undergraduate
Length: 17 page(s)

9B04M016
ELI LILLY IN INDIA: RETHINKING THE JOINT VENTURE STRATEGY
Dhanaraj C ; Beamish PW ; Celly N
Teaching Note: 8B04M16, 15 page(s)

Eli Lilly and Company is a leading U.S. pharmaceutical company. The new president of intercontinental operations is re-evaluating all of the company's divisions, including the joint venture with Ranbaxy Laboratories Limited, one of India's largest pharmaceutical companies. This joint venture has run smoothly for a number of years despite their difference in focus, but recently Ranbaxy was experiencing cash flow difficulties due to its network of international sales. In addition, the Indian government was changing regulations for businesses in India, and joining the World Trade Organization would have an effect on India's chemical and drug regulations. The president must determine if this international joint venture still fits Eli Lilly's strategic objectives.

Industry: Chemicals and Allied Products
Issues: Joint Ventures, Strategic Alliances, International Management, Emerging Markets
Setting: India/United States, large organization, 2001
Level of Difficulty: MBA and Undergraduate
Length: 25 page(s)

9B04M012

LARSON IN NIGERIA (Revised)

Beamish PW ; Litvak IA ; Cheung H

Teaching Note: 8B04M12, 11 page(s)

The vice-president of international operations must decide whether to continue to operate or abandon the company's Nigerian joint venture. Although the expatriate general manager of the Nigerian operation has delivered a very pessimistic report, Larson's own hunch was to stay in that country. Maintaining the operation was complicated by problems in staffing, complying with a promise to increase the share of local ownership, a joint venture partner with divergent views, and increasing costs of doing business in Nigeria. If Larson decides to maintain the existing operation, the issues of increasing local equity participation (i.e. coping with indigenization) and staffing problems (especially in terms of the joint venture general manager) have to be addressed.

Industry: Electric & Electronic Equipment Supplies
Issue(s): Government Regulation, Staffing, Subsidiaries, Emerging Markets
Setting: Africa, large organization, 2003
Level of Difficulty: MBA and Undergraduate
Length: 8 page(s)

9B03M002

GENERAL MOTORS DEFENSE

Beamish PW ; Chung C

Revised: 02/14/2003
Teaching Note: 8B03M02, 9 page(s)

General Motors Defense, a division of General Motors, one of the world's largest automobile manufacturers, designs and manufactures light armored vehicles. The company is approached by General Dynamics to jointly pursue the U.S. Army's Brigade Combat Team program. However, General Dynamic made it clear that they would also submit a bid on their own. Contrary to past practices, the chief of staff of the U.S. Army planned to award the multi-billion dollar contract within only 11 months. The executive director of General Motors Defense has to decide whether the company should bid-it-alone or submit a joint venture bid with General Dynamics.

Industry: Transportation Equipment
Issues: Political Environment, Joint Ventures, Leadership, Doing Business in the U.S.
Setting: Canada/United States, large organization, 1999
Level of Difficulty: MBA and Undergraduate
Length: 13 page(s)

9A98M033

BEIJING MIRROR CORP.

Beamish PW ; Chen X; Zhao X

Revised: 02/10/2000
Teaching Note: 8A98M33, 9 page(s)

Beijing Mirror Corporation owned the patent for a newly invented rearview mirror which eliminated the usual blind spot. At issue for the company was how to introduce the product to both the domestic and international markets. More specifically, should the company try to commercialize the technology independently, or via joint venture? Should they do so with a local or foreign company? What pricing, promotional and distribution approaches made sense? What is their resource position relative to these decisions?

Industry: Transportation Equipment
Issues: Intellectual Properties, Patents, International Marketing, Joint Ventures
Setting: China, medium organization, 1996
Level of Difficulty: MBA and Undergraduate
Length: 25 page(s)

9A98M003

BUNDY ASIA PACIFIC - CHINA STRATEGY

Beamish PW ; Li J; Wang N; Zuo S

Revised: 10/21/2002
Teaching Note: 8A98M03, 8 page(s)

Phil Stephenson, the director of China for Bundy Asia Pacific (BAP), was preoccupied with Bundy's business in China. BAP's CEO, Tony Martin, had shown Phil the fax from Robin Thompson, the new marketing and product development director of Bundy International, BAP's UK-based parent company. Thompson had asked BAP about its strategy for the refrigeration business in China. Despite 10 years of experience in China, Bundy had not met its market goals. Whatever strategy was developed, it would be an important part of Bundy's proposed global refrigeration strategy. This rich case allows detailed discussion around issues including (a) business (re)development strategy, (b) joint ventures versus wholly owned subsidiaries, (c) organizational structure, and (d) expatriate and local staffing.

Industry: Machinery except Electrical
Issues: Strategic Planning, Organizational Structure, Staffing, Joint Ventures
Setting: China/Australia, large organization, 1996
Level of Difficulty: MBA and Undergraduate
Length: 23 page(s)

9A97D010

INTERNATIONAL DECORATIVE GLASS

Klassen R ; Beamish PW ; Barker J

Revised: 11/11/2002
Teaching Note: 8A97D10, 14 page(s)

International Decorative Glass (IDG) is a small manufacturer of glass panels which are inserted into exterior steel doors. While their primary market is in the U.S., most of IDG's manufacturing is done in China through a joint venture arrangement. In response to rapidly growing customer demand, the vice president of operations, is considering the expansion of either their Chinese or Canadian manufacturing operations. Alternatively, he has been approached by a supplier to form a new joint venture manufacturing operation in Vietnam. Financial, political and infrastructural considerations must be weighed, in addition to any signal that would be sent to their current Chinese partners.

Industry: Bldg. Materials, Hardware, Garden Supply
Issues: International Business, Manufacturing Capacity, Joint Ventures, Manufacturing Strategy
Setting: China/Vietnam, small organization, 1996
Level of Difficulty: MBA and Undergraduate
Length: 18 page(s)

9A97G004

KANZEN BERHAD: A PROPOSED JOINT VENTURE WITH PACIFIC DUNLOP LIMITED

Lecraw DJ ; Beamish PW ; Lim B
Revised: 10/18/2002
Teaching Note: 8A97G04, 6 page(s)

The director of Kanzen Berhad (KB), Malaysia, must decide whether to recommend the company's owner and CEO accept the offer of Pacific Dunlop Limited to form a joint venture in which Pacific Dunlop, an Australian company, would buy 30 per cent of KB's holdings in six subsidiaries in the mattress and bedding industry for RM$28 million. Since its founding as Dreamland, KB had been growing rapidly and had been quite profitable. The owner, however, had plans for expansion into other businesses in Malaysia and, especially, in China. As well, Pacific Dunlop had product and process technology, additional brand names and management expertise that had the potential to increase the success of KB's subsidiaries.

Industry: Furniture and Fixtures
Issues: Joint Ventures, Negotiation, International Business
Setting: Malaysia/Australia, large organization, 1992
Level of Difficulty: MBA and Undergraduate
Length: 18 page(s)

9A96G002

P.T. SEKBANG LIFE INSURANCE (INDONESIA)

Beamish PW ; Reid D
Revised: 11/15/2002
Teaching Note: 8A96G02, 11 page(s)

An American minority partner in an international joint venture in Indonesia is confronted by a local majority partner that wants to change the joint venture's growth strategy. If implemented, such a change will, they believe, significantly dissipate the joint venture's competitive advantage. The vice president of operations for the minority parent firm, must decide how to respond, and assess the effect of this on her company's plans for future expansion in Southeast Asia.

Industry: Insurance and Pension Funds
Issues: Joint Ventures, Growth Strategy, Internationalization, Government Regulation
Setting: Indonesia/USA, large organization, 1995
Level of Difficulty: MBA and Undergraduate
Length: 26 page(s)

9A95G003

NEILSON INTERNATIONAL IN MEXICO (A)

Beamish PW ; Johnston CB ; Duncan G; Wortel SA
Revised: 12/04/2002
Teaching Note: 8A95G03, 5 page(s)

This case examines a proposed marketing joint venture which would introduce Neilson brand chocolate bars to Mexican consumers. Pepsico Foods' Mexican subsidiary -- already servicing 450,000 retail stores -- has suggested a joint branding agreement. Alternative distribution arrangements are available which would allow Neilson to maintain greater control over its name, at the cost of slower market access. (A sequel to this case is available bearing the same title, case 9A95G004.)

Industry: Food and Kindred Products
Issues: International Marketing, Distribution, Joint Ventures, Exports
Setting: Mexico/Canada, medium organization, 1993
Level of Difficulty: MBA and Undergraduate
Length: 16 page(s)

9A95G004

NEILSON INTERNATIONAL IN MEXICO (B)

Beamish PW ; Duncan G
Revised: 12/04/2002
Teaching Note: 8A95G03, 5 page(s)

Neilson linked up with Sabritas, a Pepsico Co. subsidiary, and launched Neilson brand chocolate bars in Mexico. The next year, Neilson sales to Mexico exceeded $23 million. The Mexican peso abruptly underwent a 40% devaluation which put major pressure on both partners' margins. This raised issues of future pricing and competitive response. More fundamentally, there were now concerns about the overall stability and potential of the Mexican market. (This is a supplement to case 9A95G003 bearing the same title.)

Industry: Food and Kindred Products
Issues: International Marketing, Pricing, Joint Ventures, Exports
Setting: Mexico/Canada, medium organization, 1995
Level of Difficulty: MBA and Undergraduate
Length: 2 page(s)

9A92G002

RUSSKI ADVENTURES

Beamish PW ; Sullivan I
Revised: 12/20/2002
Teaching Note: 8A92G02, 7 page(s)

The two major partners in Russki Adventures contemplated their next move. They had spent the last year and a half exploring the possibility of starting a helicopter skiing operation in Russia. Their plan was to bring clients from Europe, North America and Japan to the Caucasus Mountains to ski the vast areas of secluded mountain terrain made accessible by the use of helicopter and the recent business opportunities offered by 'glasnost'. Three options for proceeding were being considered. The first was to proceed with the venture on their own, in the Caucasus Mountains area that had been made available to them by a Soviet government agency. The second was to accept the offer of partnership with Extreme Dreams, a French tour operator that had recently begun operations in the Caucasus region. The final option was to wait, save their money and not proceed with the venture at this time. This is a good case to emphasize small-scale international ventures and the complexities of operating in a rapidly changing and politically unstable environment.

Industry: Hotels, Rooming Houses, Camps
Issues: Joint Ventures, Political Environment, Risk Analysis, Entrepreneurship
Setting: Russia/Canada, small organization, 1991
Level of Difficulty: MBA and Undergraduate
Length: 22 page(s)

9A92G001
TOPPAN MOORE
Beamish PW ; Makino S; Miller J
Revised: 03/24/2003
Teaching Note: 8A92G01, 11 page(s)

The semi-annual meeting of the board of Toppan Moore, a joint venture between Toppan Printing of Japan and Moore Corporation of Canada, took place in Tokyo. With sales exceeding US$1 billion, Toppan Moore was a leader in the Japanese business forms industry and widely considered one of the most successful international joint ventures in Japan. While pleased with the venture's recent results, the issue for the board members was how to ensure continued prosperity.

Industry: Printing, Publishing & Allied Industries
Issues: Joint Ventures, Growth Strategy, Subsidiaries, Multinational
Setting: Japan, large organization, 1991
Level of Difficulty: MBA and Undergraduate
Length: 18 page(s)

9A90G002
KENTUCKY FRIED CHICKEN IN CHINA (B)
Morrison A ; Beamish PW
Revised: 09/24/2003
Teaching Note: 8A90G02, 6 page(s)

The VP's efforts to determine whether and how to proceed with an emerging three-way partnership in China are described. Kentucky Fried Chicken has selected local partners and has been issued a license to operate a restaurant in Beijing. If he is to proceed, the VP must decide how fast he should advance the negotiations and which of three location sites in the city is most desirable. A background case (9A90G001) and a follow-up case (9A90G003) are available.

Industry: Eating and Drinking Places
Issues: International Business, Joint Ventures, Site Selection, Risk Analysis
Setting: China, large organization, 1987
Level of Difficulty: MBA and Undergraduate
Length: 10 page(s)

9A90G003
KENTUCKY FRIED CHICKEN IN CHINA (C)
Morrison A ; Beamish PW
Revised: 05/29/2003
Teaching Note: 8A90G03, 11 page(s)

This case presents the start-up of operations in Beijing and discusses the difficulties Kentucky Fried Chicken (KFC) is having with its local partners. By March 1988, KFC has established its largest restaurant in the world in Beijing with sales that are booming and showing no sign of slowing down. Nevertheless, the extent of operational problems and the shortage of hard currency profits is raising concerns over whether further expansion is warranted. Previous cases (9A90G001, 9A90G002) are available.

Industry: Eating and Drinking Places
Issues: International Business, Joint Ventures, Currency, Risk Analysis
Setting: China, large organization, 1988
Level of Difficulty: MBA and Undergraduate
Length: 10 page(s)

9A89G005
STERLING MARKING PRODUCTS INC.
Beamish PW ; Calof J
Revised: 01/21/2002
Teaching Note: 8A89G05, 12 page(s)

The international marketing manager of Sterling reviews his options for selling their newly-developed embosser in the United Kingdom. Possibilities exist for licensing, exporting, joint ventures and acquisitions. In addition, the product is attracting attention from dealers around the world. Sterling requires an international expansion strategy in terms of which markets to enter, speed of entry and choice of mode.

Industry: Miscellaneous Manufacturing Industries
Issues: International Marketing, Strategic Planning
Setting: Canada/UK/USA, small organization, 1988
Level of Difficulty: MBA and Undergraduate
Length: 20 page(s)

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McLellan, Kerry – "Outsourcing Core Skills Into Non-Equity Alliance Networks". 1993.

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SELECTIVE CONSULTING / JV FACILITATION / IN-COMPANY TRAINING PROGRAM CLIENTS (11)

- Labatt Brewing Co. Ltd./Interbrew
- Linamar Corporation/Wescast Industries
- Texas Utilities Australia (Global Customer Solutions; Eastern Energy)
- Market Focus Bureau, ICI
- AAB
- UST
- "Designing and Managing International Joint Ventures" for Conferencia Multimatica Industria Y Mercado Cervecero. Cuba
- "Designing and Managing International Alliances" for Gurus of Globalization; Executive Program, Phoenix
- "Strategic Alliances in Transitional Economies", The William Davidson Institute at The University of Michigan
- "Joint Ventures in China", Canadian Chamber of Commerce, Hong Kong
- NASEVA Alumni Seminar, Subject: Joint Ventures and Alliances, Helsinki, Finland