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**Working Paper**

## Revisiting research on IJV exit: More questions than answers

Freiberger Arbeitspapiere, No. 2011/03

**Provided in Cooperation with:**

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*Suggested Citation:* Nemeth, Alexander; Nippa, Michael (2011) : Revisiting research on IJV exit: More questions than answers, Freiberger Arbeitspapiere, No. 2011/03, Technische Universität Bergakademie Freiberg, Fakultät für Wirtschaftswissenschaften, Freiberg

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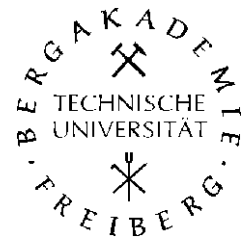
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Revisiting Research on IJV Exit –  
more Questions than Answers

**FREIBERG WORKING PAPERS**  
**FREIBERGER ARBEITSPAPIERE**

**# 03**  
**2011**

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**ISSN 0949-9970**

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## Abstract

While International Joint Ventures (IJVs) are a well acknowledged and frequently implemented organizational mode, especially with regard to international market entry strategies, they are also prone to conflicts of interests, inefficiencies, and unintended termination. Accordingly, past research has been dominated by studies that attempted to identify success factors for managing IJVs based upon archive data. Success respectively failure is frequently defined based upon the fact that IJVs 'disappeared' from the data-set. As such, 'exit' became the epitome for closing down ineffective, failing IJVs although withdrawal may in some cases a sign of success if, for instance, the initial objectives of partners have been achieved. Beyond such misconceptions there is no stock-take of what is known about the different types, measures, contexts, and determinants of IJV exit as to take research to the next stage. This paper fills this research gap by comprehensively analyzing the IJV exit literature as an integral part of IJV research, focusing on studies that either apply IJV termination or IJV longevity as a measure of IJV exit. A systematic overview of the contexts and determinants that influence IJV exit is provided and major implications of our findings for directing future research are discussed.

JEL-classifikation: L-21, L-24, L-25

Keywords: Exit, International Joint Venture, Longevity, Performance, Termination

## Zusammenfassung

*"Eine Darstellung des aktuellen IJV-Exit Forschungsstandes –  
mehr Fragen als Antworten"*

Obwohl Unternehmen häufig internationale Joint Ventures (IJVs) nutzen – beispielsweise zur Umsetzung von Markteintrittsstrategien – sind diese Organisationen anfällig für Interessenkonflikte, Ineffizienzen und vorzeitige Beendigungen. Dementsprechend hat sich die bisherige Forschung bemüht, Einflussfaktoren zu identifizieren, die zu einem erfolgreichen Management von IJVs führen. Erfolg bzw. Misserfolg wurde oftmals anhand der Tatsache definiert, dass ein IJV von einem Datensatz 'verschwand'. Folglich wurde 'Exit' mit der Beendigung von ineffizienten und fehlgeschlagenen IJVs gleichgesetzt, auch wenn die Beendigung von IJVs einen erfolgreichen Ausgang widerspiegeln kann, z.B. falls die Ziele der IJV-Partner erfüllt wurden. Trotz solcher Missinterpretationen existiert derzeit keine kritische Darstellung der bisherigen IJV-Exit Forschungsergebnisse im Hinblick auf unterschiedliche Arten, Messgrößen, Kontexte und Einflussfaktoren des IJV Exits. Diese Studie geht auf diese Forschungslücke ein und analysiert die bisherige IJV Exit Literatur, indem sie Artikel auswertet, die IJV Exit entweder anhand der 'Lebensdauer' oder der 'Beendigung' misst. Es wird ein systematischer Überblick des Kontexts und der Einflussfaktoren des IJV Exits entwickelt und grundlegende Implikationen für die künftige IJV Exit Forschung diskutiert.

JEL-Klassifikation: L-21, L-24, L-25

Schlagworte: Exit, Internationale Joint Venture, Lebensdauer, Erfolg, Beendigung

## **1 Introduction**

Based on the seminal work of Pfeffer and Nowak (1976), joint ventures can be defined as legally and economically separate organizational entities partially held by parent organizations that collectively contribute resources to pursue strategic objectives.

Accordingly, international joint ventures (IJVs) constitute an organizational form founded and run by independent parent organizations from different countries (Yan 1998). Strategic relevance of IJVs that have been an important organizational alternative for firms pursuing internationalization strategies for decades (e.g., Hambrick et al. 2001), not only be sustained but will further increase (e.g., Jagersma 2005).

Various theories or conceptualizations such as transaction cost and internalization advantages (e.g., Hennart 1988), resource-based view (e.g., Eisenhardt and Schoonhoven 1996) or learning advantages (e.g., Hamel 1991) have been applied to explain the rationale of IJV formation. Partly fueled by institutional contexts that privilege IJVs over other market entry modes, as in the People's Republic of China (PRC) for instance, IJVs have demonstrated a constant growth rate during recent years (Luo and Park 2004). Not surprisingly, it has emerged that IJVs are a relatively unstable form of international business operation (Steensma, Barden, Dhanaraj, Lyles, and Tihanyi 2008). This instability is caused, on the one hand side, by the fact that IJVs are frequently founded as temporary or intermediary organizations (Li 1995). On the other hand, they are prone to conflicts, governance problems and cultural clashes (Barkema and Vermeulen 1997) as well as being easily destabilized by changing strategies or objectives of their founding parent firms (Cui et al. 2011). Reports that highlight problems, inadequacies and inefficiencies regarding IJVs leading to disappointment on the side of their parent firms' management have mounted (e.g., Li et al. 1999). Not surprisingly, termination rates ranking between 30 and 70 percent over a period of observation have been reported (Hennart and Zeng 2002; Pearce 1997).

As a result, the performance and success factors of IJVs have been researched extensively for decades, resulting in numerous empirical studies (reviews of this research stream include Nippa et al. 2007; Ren et al. 2009; Yan and Zeng, 1999). As these reviews have already partially highlighted, the exit of IJVs, i.e., disappearance from respective databases (e.g., MOFTEC), has been predominantly interpreted as a measure of ultimate failure. In a similar vein, studies that bewail a 'survivor bias' of success factor studies, i.e. incompleteness because IJVs are neglected that dropped out of the database, assume that this exit is a proxy of failure. However, such assumptions disregard the fact that an IJV is a temporal form of business operation which is often chosen because it provides a high degree of operational and

strategic flexibility (e.g., Benito et al. 2009). In this light, IJV exit may be forward planned and is rather a sign of success –mission accomplished– than of failure (Yan and Zeng 1999). Even in the case that an exit date is not determined *ex ante*, the strategic flexibility of IJVs allows parent firms to seize an opportunity when better alternatives become available (e.g., Reuer 2000). By this means, IJV exit may be an option that justifies its initial formation (Reuer and Tong 2005).

Beyond this conceptual problems the literature on IJV exit and its determining factors, however, exhibits other important shortcomings and limitations.

Different conceptualizations and methods are used to define and measure IJV exit. While some researchers use the termination of IJVs to operationalize IJV exit, others draw on the longevity of an IJV. Although both approaches generally address the exit of IJVs (Ren et al. 2009), they have to be differentiated. Whereas termination focuses on the effective closure of an IJV and thus can be called “event-oriented”, longevity is a “duration-oriented” perspective analyzing the length of time *before* an IJV is terminated. Indeed, studies that refer to IJV longevity also analyze the closure of an IJV, but they are more inclined to use an indirect measure. This difference in IJV exit measurement leads to variations regarding IJV exit determinants. Despite this fact, only a few studies have researched IJV exit determinants by applying both measures simultaneously (e.g., Harrigan 1988). Moreover, to our best knowledge, no study has attempted to compare both research streams and to single out differences and overlaps.

Most of the studies regarding the exit of IJVs do not analyze *how* firms terminate IJVs (Reuer 2002). In general, IJV parent firms can terminate an IJV in three ways: (1) selling its stake to the other parent(s), (2) selling its stake to a third party, or (3) liquidating the venture (Hennart and Zeng 2002). Given that studies on IJV exit often lack this differentiation, findings and implications regarding IJV exit and its determinants are not precise and are misleading (Reuer 2002). So far, no study has provided an overview and a critical discussion of how IJV exit determinants might vary in the light of different termination modes.

As already mentioned, IJV exit is often associated with failure, assuming among other factors that IJV exit is generally *unintended* (Reuer and Miller 1997; Yan and Zeng 1999). In contrast, IJV exit can also be an *intended* outcome of the successful completion of a partnership, after having achieved the parent firm’s initial or adapted IJV purposes (Gomes-Casseres 1987; Jagersma 2005; Yan 1998). Although the need for this differentiation is partially highlighted in non-empirical studies because it is a necessary element in assessing whether or not an IJV exit is the consequence of success or failure (e.g., Yan and Zeng 1999),

the majority of empirical analyses ignore it (Makino et al. 2007). Additionally, it has important implications with regard to identifying and classifying key success/failure factors.

To substantiate these research gaps, the objectives of the paper at hand are to provide a structured overview of factors that are associated with IJV exit, to demonstrate the distinct relationships between exit determinants and exit measures, and to draw implications for future research. The paper offers several contributions for scholars and practitioners. First, it provides a classification based upon a systematic overview within an otherwise confusing field of research regarding the management of IJVs. Second, it challenges the predominant negative connotation of IJV exit and supports existing views that differing IJV purposes have to be considered when evaluating an IJV exit and when drawing implications from it (cf. Makino et al. 2007). Third, major directions for future research are identified and important practical implications are drawn.

## 2 Methodology

Although most IJV exit studies do provide problem-specific literature reviews (e.g., Blodgett 1991) they miss to classify their findings within a framework. As the need for such systematization becomes even more inevitable when comparing different studies in order to identify significant research overlaps and gaps, and to justify systematic conclusions this paper will apply a comprehensive, theory-based conceptual framework. We propose to make use of an existing framework for systematizing and assessing IJV success factor research (Nippa et al. 2007) that integrated previous work provided by other authors (Osland and Cavusgil 1996; Parkhe 1993; Parkhe 1994; Robson et al. 2002). We further advance this framework with respect to our research subject as follows. First, since IJV performance affects the probability of partnership termination (Cui et al. 2011) we add '*performance*' into the existing category *IJV Attributes*. Secondly, we supplement the category *External Environment* with the variable '*economy*' to allocate respective exit factors investigated in two IJV exit studies (Dhanaraj and Beamish 2004; Hennart and Zeng 2002).

Similar to the more general research on IJV success factors, the sheer number of publications on IJV exit calls for a robust methodology. As a first step, we examine a selection of top-ranked, empirically oriented journals to identify relevant IJV exit literature. Secondly, the citations within the previously identified articles have been verified to define additional studies that investigate the exit of IJVs.

First, applying Harzing's 'Journal Quality List'<sup>1</sup> focusing on the research fields 'International Business' and 'General and Strategy' the following journals were selected:



*Academy of Management Journal, Administrative Science Quarterly, Journal of International Business Studies, Journal of World Business, Management International Review, and Strategic Management Journal.* As research on IJVs intensified significantly from 1991 onward (Robson et al. 2002), we screen these journals from 1991 to May 2011 and thus assure a comprehensive reflection of the state-of-the-art of research in this field.

A major methodological problem faced by almost any review paper is to precisely identify and recognize relevant studies. One has to balance selection criteria and key search words that are too narrow and lead to mistakenly exclude relevant studies, with those that are too ambiguous and carry the risk of wrongly including studies and of deriving incorrect conclusions. With regard to our research subject, such problems arise from two sources.

‘International joint venture’ has different meanings in the literature (Yiu and Makino 2002), with terms such as ‘strategic alliance’ or ‘foreign direct investment’ sometimes being used interchangeably. To avoid inadequate mixing of organizational forms due to misleading definitions, we only include publications that explicitly refer to the terms ‘joint venture (JV)’ or ‘international joint venture (IJV)’.

Furthermore, only those IJV exit studies are included that define and/or measure ‘exit’ by termination or longevity; thus, we focus on a specific area within the IJV instability research (Jiang et al. 2008).<sup>2</sup> While IJV termination is frequently measured by the likelihood of IJV closure without necessarily specifying the mode of IJV termination (e.g., Li 1995), IJV longevity is usually measured by the number of years an IJV has existed from formation to termination and therefore refers to the duration, i.e., short term vs. long term (e.g., Barkema and Vermeulen 1997). Generally, termination and longevity are "common indicators of IJV performance used by many researchers" (Ren et al. 2009, p. 808). That these two measures are important but different, however, is implicitly acknowledged by articles that use both measures in the same context (e.g., Chowdhury 1992). Moreover, termination and longevity have been explicitly interrelated, resulting in high likelihood of IJV termination being treated as equivalent to short IJV longevity (Hennart and Zeng 2002). In contrast, Harrigan (1988) do not report fully consistent results while simultaneously applying termination and longevity as dependent variables, i.e., not all factors affecting termination result in a shortened IJV duration (and vice versa). It is necessary, therefore, to distinguish the findings on IJV exit determinants with regard to both measures.

In order to identify relevant studies, we created a comprehensive list of approximately 100 key words associated with IJV termination and longevity. For ensuring completeness of key words, the list was reviewed and adjusted by scholars with a similar research focus. We

contacted 16 scholars from nine countries and received feedback from five scholars, representing a response rate of more than 30%.<sup>3</sup> Appendix A presents the final version of the list. Based on the revised list of key words, we first scanned the paper's abstracts to identify potentially relevant articles. Subsequently, we recorded the dependent variables that have been investigated in the identified studies.

Applying the selection criteria noted above to the six top journals for the period 1991 to 2011, we find that a total of 505 articles study IJVs at large and 23 relevant articles, i.e., studies, that investigate the exit of IJVs.

Secondly, we carefully analyzed citations and reference lists of the 23 previously identified IJV exit studies in order to identify relevant work published in other journals. As a result, 19 additional studies that contribute to the research field of IJV exit were incorporated. Repeating the aforementioned procedure with the newly studies two more relevant articles were identified. The final sample of peer-reviewed articles related to the research field of IJV exit that will undergo in-depth analyses embraces 44 studies.

### **3 Results**

The sample of 44 articles that explicitly address IJV exit consists of 40 empirical and four non-empirical papers (see Table 1). Empirical studies predominantly analyze how factors relate to exit (i.e., independent variables) impact termination or longevity (i.e., dependent variables) based on quantitative data and statistical analyses.

The non-empirical papers basically derive propositions to illustrate the relationship between the likelihood of IJV termination and (a) the composition of IJV management groups (Hambrick et al. 2001), (b) the parental experience with alliance management (Koza and Lewin 1998), (c) the level of parental learning (Makhija and Ganesh 1997), and (d) the level of IJV governance costs (Pearce 1997).

Of the 40 empirical papers, 30 analyze the termination of IJVs (75%), six examine IJV longevity (15%), and four study both, termination and longevity (10%).

The earliest IJV exit study within our sample was published in 1987 by Gomes-Casseres. Thus, after the pioneering IJV instability study by Franko which was published in 1971 (Reuer 2002; Yan and Zeng, 1999) it took more than a decade till the termination of IJVs was investigated exclusively without mixing IJV exit with other 'instability factors' like changes of parental ownership distribution. Assessing the distribution of articles that explicitly address IJV exit over time, a peak between 1996 and 2001 becomes apparent, as approximately 50% of all articles under study have been published in this period.

**Table 1:** Chronological overview of IJV termination and longevity research

Year	Author(s) investigating IJV termination	Author(s) investigating IJV longevity	Author(s) investigating both IJV termination and longevity
1987	Gomes-Casseres		
1988	Kogut		Harrigan
1989	Kogut		
1991	Blodgett Kogut		
1992			Chowdhury
1993			
1994			
1995	Li		
1996	Nakamura et al.	Barkema et al. Park and Russo	
1997	Dussauge and Garrette <i>Makhija and Ganesh</i> <i>Pearce</i> Yamawaki	Barkema and Vermeulen Barkema et al. Park and Ungson	
1998	Arino and de la Torre <i>Koza and Lewin</i> Makino and Beamish (a) Makino and Beamish (b)		
1999	Hennart et al. Pan and Chi		
2000	Lampel and Shamsie Mata and Portugal Steensma and Lyles		Dussauge et al.
2001	Delios and Beamish <i>Hambrick et al.</i>		
2002	Reuer	Hennart and Zeng	
2003			
2004	Delios and Beamish Dhanaraj and Beamish		
2005	Lu and Hebert		
2006	Lu and Xu Valdés-Llaneza and García-Canal Xu and Lu		
2007			Makino et al.
2008	Steensma et al.		
2009	Dhanaraj and Beamish Puck et al.		
2010			
2011	Cui et al. Polidoro et al.		

Note: Articles in *italic* letters are non-empirical

### 3.1 Empirical foundation

Sample sizes of empirical analyses on *IJV termination* (see Table 2 for details) range from two case studies (Arino de la Torre 1998) to 27,974 observations (Delios and Beamish 2004). With regard to the industries analyzed, most studies are based on one specific sector (e.g., manufacturing: Lampel and Shamsie 2000), "... so that the results derive from a sample that is uniform in terms of the primary sector" (Chowdhury 1992, p. 119). While, on the one hand, these samples enable deriving industry-specific conclusions, they are, on the other hand,

rather limited with regard of generalizability of findings. More generalizability of findings offer a total of five studies that include mixed industry samples (e.g., Delios and Beamish 2004). Finally, nine studies do not specify the underlying industry at all thus limiting the potential value of their findings significantly, though often not recognized (e.g., Gomes-Casseres 1987). Concerning the number of partners involved in the IJV, three papers explicitly analyze two-partner IJVs (Arino and de la Torre 1998; Blodgett 1991; Steensma et al. 2008), whereas the other articles also include multi-party IJVs or do not provide information about it. Similarly, only fourteen articles specify the host country, i.e., the country where the IJV is located (e.g., Li 1995). Hence, one has to be careful while interpreting and comparing many studies as significant country specifics that are important determinants of IJV performance such as for instance 'the complexity of business regulations' (Dhanaraj and Beamish 2009) are not disclosed. Considering the origin of the IJV partners, most studies focus on IJVs that have been founded by Japanese firms together with parent firms from other countries (e.g., Delios and Beamish 2004), followed by U.S.-foreign (e.g., Blodgett 1991), China-foreign (e.g., Pan and Chi 1999), and other partner configurations. IJVs that are formed by parent firms originating from Western countries and from markets in Asia are especially appropriate to analyze the impact of cross-cultural distance (Hennart and Zeng 2002).

The sample sizes of articles analyzing the *longevity* of IJVs range from 97 (Hennart and Zeng 2002) to 1,493 (Barkema et al. 1997). Again, only two studies focus on the same, i.e. electronics industry (e.g., Park and Russo 1996), whereas the remaining studies incorporate other non-recurring industry samples or do not explicitly mention the industry at all. Considering the number of IJV partners, one article investigate explicitly two-partner IJVs (Park and Ungson 1997), while the remaining articles include IJVs formed by multiple partners (e.g., Barkema et al. 1997). The investigated host country is specified by one publication only, namely the U.S. (Hennart and Zeng 2002). The IJV partners predominately originate from the Netherlands (e.g., Barkema and Vermeulen 1997), followed by the U.S. (e.g., Park and Russo 1996) and Japan (Hennart and Zeng 2002).

Studies that simultaneously analyze IJV *termination* and *longevity* as proxies for IJV exit can be characterized as follows. Their sample size ranges from 227 (Dussauge et al. 2000) to 8,230 IJVs (Chowdhury 1992). Two studies investigate the manufacturing industry (e.g., Chowdhury 1992), whereas two papers uses a mixed industry sample (e.g., Makino et al. 2007). While one paper does not specify the number of IJV partners (Harrigan 1988), the remaining articles include multi-party IJVs. Only one article provides information regarding the host country of the IJV, i.e., the U.S. (Harrigan 1988). While one study includes IJV

parents from North-America and Asia within its analysis (Dussauge et al. 2000), three studies investigate IJVs with Japanese parents (Makino et al. 2007) or U.S. parents (e.g., Chowdhury 1992).

Combining all three research streams, there is striking evidence that with regard to IJV host countries the initial focus in the 1980s lay on the comparison of developing and developed countries (e.g., Beamish 1985) this dominance is not applicable to publications investigating the exit of IJVs. Most studies within our sample investigate IJVs from multiple rather than single host countries, whereas six papers focus on developing countries, namely China and Hungary (e.g., Lu and Xu 2006) and ten papers analyze developed countries such as U.S. and Japan (e.g. Hennart and Zeng 2002). Even if some articles control their findings for developed vs. developing host country effects (e.g., Dhananraj and Beamish 2004), not a single study offers in-depth comparisons with regard to the specificities of individual countries.

**Table 2:** Overview of article's underlying data

Measure for IIV exit	Articles	Sample size	Industry	Host country	Origin of partners
Termination	Gomes-Casseres (1987)	5,000	<i>na</i>	<i>na</i>	U.S.-foreign
	Kogut (1988)	148	Mixed	U.S.	At least one U.S. parent
	Kogut (1989)	92	Manufacturing	U.S.	At least one U.S. parent
	Blodgett (1991)	279	<i>na</i>	<i>na</i>	U.S.-foreign
	Kogut (1991)	92	Manufacturing	U.S.	At least one U.S. parent
	Li (1995)	267	Computer/Pharmaceutical	U.S.	U.S.-foreign
	Nakamura et al. (1996)	41	Manufacturing	Japan	U.S.-Japanese
	Yamawaki (1997)	569	Manufacturing	U.S./ Europe	At least one Japanese parent
	Dussauge and Garrette (1997-98)	197	Manufacturing	<i>na</i>	Western Europe, N.-America, Japan
	Arino and de la Torre (1998)	2	Consumer products	<i>na</i>	U.S.-France
	Makino and Beamish (1998a)	737	Manufacturing	East-/ Southeast Asia <sup>1</sup>	Japanese-foreign
	Makino and Beamish (1998b)	917	Manufacturing	East-/ Southeast Asia <sup>2</sup>	Japanese-foreign
	Hennart et al. (1999)	58	Manufacturing	U.S.	U.S.-Japanese
	Pan and Chi (1999)	1,066	Manufacturing	China	China-foreign
	Lampel and Shamsie (2000)	70	Manufacturing	<i>na</i>	General Electrics-foreign
	Mata and Portugal (2000)	1,033	<i>na</i>	Portugal	Portuguese-foreign
	Steensma and Lyles (2000)	121	Manufacturing	Hungary	Hungarian-Western countries
	Delio and Beamish (2001)	3,080	Manufacturing	<i>na</i>	Japanese-foreign
	Reuer (2002)	154	<i>na</i>	International	At least one U.S. parent
	Delios and Beamish (2004)	27,974	Mixed	135 countries <sup>3</sup>	Japanese-foreign
	Dhanaraj and Beamish (2004)	12,984	<i>na</i>	25 countries	Japanese-foreign
	Lu and Hebert (2005)	720	<i>na</i>	Asia	Japanese-foreign
	Lu and Xu (2006)	291	<i>na</i>	China	Japanese-Chinese

**Table 2:** Overview of article's underlying data (continued)

Measure for IJV exit	Articles	Sample size	Industry	Host country	Origin of partners	
Termination	Valdés-Llaneza and García-Canal (2006)	82	Mixed	National/international	At least one Spanish parent	
	Xu and Lu (2006)	1,038	<i>na</i>	China	Japanese-Chinese	
	Steensma et al. (2008)	124	Mixed	Hungary	Hungarian-foreign	
	Dhanaraj and Beamish (2009)	12,984	<i>na</i>	25 countries	Japanese-foreign	
	Puck et al. (2009)	94	Mixed	China	China-foreign	
	Cui et al. (2011)	150	Manufacturing	U.S.	At least one U.S. parent	
	Polidoro et al. (2011)	168	Chemical	<i>na</i>	Western Europe, Japan, U.S.	
	Longevity	Barkema et al. (1996)	225	Non-financial	National/international	At least one Dutch parent
		Park and Russo (1996)	204	Electronics	National/international	At least one U.S. parent
		Barkema and Vermeulen (1997)	828	Mixed	72 countries	Dutch-foreign
Barkema et al. (1997)		1,493	<i>na</i>	National/international	At least one Dutch parent	
Park and Ungson (1997)		186	Electronics	National/international	At least one U.S. parent	
Hennart and Zeng (2002)		97	Manufacturing	U.S.	Japanese-foreign	
Termination and longevity		Harrigan (1988)	895	Mixed	U.S.	At least one U.S. parent
		Chowdhury (1992)	8,230	Manufacturing	<i>na</i>	U.S.-foreign
		Dussauge et al. (2000)	227	Manufacturing	Europe, N-America, Asia	Europe, N-America, Asia
		Makino et al. (2007)	3,221	Mixed	<i>na</i>	Japanese-U.S./ Japanese-Japanese

1. China, Taiwan, Hong Kong, Thailand, Singapore, Malaysia, Philippines, Indonesia, South Korea 2. Same as 1. but without China

3. Ma in countries: U.S., mainland China, Hong Kong, Thailand, Singapore, UK

Note: *na*: not specified in the article

### 3.2 Theoretical foundation

Of the reviewed studies, only 35% (14 out of 40) explicitly refer to theories as a foundation of their concepts and models, thus confirming previous findings regarding an inadequate theoretical underpinning of empirical studies especially in the field of IJV success factors

(e.g., Nippa et al. 2007; Yan and Zeng 1999). Within this minority group, four articles refer to transaction cost theory (Dhanaraj and Beamish 2004; Lu and Hebert 2005; Park and Russo 1996; Park and Ungson 1997), two studies to organizational learning theory (Barkema et al. 1996, Barkema et al. 1997), two papers to the resource based view (Cui et al. 2011; Dussauge et al. 2000), and one to real option theory (Kogut 1991). Out of a few studies that combine two theories, two apply social exchange and knowledge based or organizational learning theories (Steensma and Lyles 2000; Steensma et al. 2008), one knowledge based and institutional theories (Xu and Lu 2006), one institutional economics and organizational ecology theories (Dhanaraj and Beamish 2009), and one finally refers to transaction cost and institutional theories (Puck et al. 2009). However, as mentioned above the majority of the IJV exit papers under study do not apply a sound theoretical foundation at all. In fact, neglecting the need to base empirical studies upon theories results in inferior theory development, which has been criticized in the past (Parkhe 1993, 2004, 2006).

### **3.3 Methodological foundation**

Most studies use secondary data from databases (e.g., Chowdury 1992) and annual reports (e.g., Barkema et al. 1996) and thus overwhelmingly rely on quantitative information. They predominantly analyze static, contextual exit factors (e.g., cultural distance) or capture the status of a factor at a certain time (e.g., ownership/equity distribution at IJV formation). Consequently, mainly factors with a rather rigid and inflexible character have been investigated (approximately 80%). The remaining ten articles are based on primary data gained from personal interviews (Arino and de la Torre, 1998; Pan and Chi 1999; Steensma and Lyles 2000; Steensma et al. 2008) or surveys (Harrigan 1988; Kogut 1988; Kogut 1989; Kogut 1991; Puck et al. 2009; Valdés-Llaneza and García-Canal 2006). These studies use subjective information to capture variables and therefore enable the analysis of process-related, rather dynamic and flexible factors (representing 20% of all factors within our sample) such as 'conflict' or 'level of knowledge acquisition'. Most recently, Cui et al. (2011) employed secondary data and considered changes of relevant exit factors after IJV formation. For instance, they measured the factor 'increase in partnership relatedness' by analyzing changes of the Standard Industrial Classification (SIC) codes of the partner firm and the IJV. Nevertheless, the previous approach regarding utilizing secondary data in the sample confirms previous calls for the analysis of process-related factors (Arino and de la Torre, 1998; Yan and Zeng 1999).



### 3.4 Operationalizations and measures applied

Confirming the findings of other researchers (e.g., Ren et al. 2009), we find that most articles on IJV termination do not differentiate between different termination modes and only consider whether the IJV survives during the time of observation or not (see Table 3). Only four articles specify the mode of IJV termination by particularly examining IJV internalization, i.e., the case that one parent firm buys the stake of the other parent (e.g., Blodgett 1991), and four studies analyze IJV liquidation exclusively (e.g., Polidoro et al. 2011). Five publications distinguish two exit modes, i.e. internalization and liquidation, but neglect the aforementioned exit mode "sell to a third party" (e.g., Kogut 1991). Studies that use IJV longevity as a proxy for IJV exit either do not detail the mode of IJV termination at all (e.g., Barkema et al. 1996) or distinguish IJV exit into two categories, i.e. (1) sale of one parent's stake to the other (i.e., internalization by the other parent) and (2) sale of one or all of the parent's stake to a third party and IJV liquidation (e.g., Park and Russo 1996). Of the remaining four papers, one refers to the liquidation of IJVs only (Makino et al. 2007), one differentiates IJV internalization and liquidation (Dussauge et al. 2000), while two authors do not distinguish any IJV termination mode at all (e.g., Chowdhury 1992).

In general, while most studies assume that IJV exits are proxies of economic failure or instability, thus, confirming previous concerns of researchers (Cui et al. 2011), only a few scholars highlight that IJV exit can be the –positive– consequence of an initial intention, whether from one parent or both (cf., Gomes-Casseres 1987). Due to the predominant emphasis of IJV exit as failure many researchers implicitly assume that both partners intend to run an IJV for an indefinite period. This neglects the fact that closing down an IJV may also result from having achieved the objectives one or both parent firms aimed for (Ren et al. 2009). In the latter case, IJV exit is the consequence of the successful completion of the partnership (Yan 1998) after achieving the purpose(s) of at least one of the IJV partners (Gomes-Casseres 1987) rather than a proof of failure. Widening the perspective of IJV exit in this respect has important consequences that have been frequently neglected (Makino et al. 2007). Understanding an IJV to be a temporal organizational mode that will be intentionally ended if partners' intentions have been fulfilled highlights the need to control for these initial and/or changing intentions. However, only the study by Makino et al. (2007) explicitly includes partner intention within its empirical analysis and differentiates between intended and unintended IJV liquidation. According to these authors (2007, p. 1118), parent firms' intentions with regard to establishing an IJV (i.e., IJV objectives) can be differentiated as follows: (1) access to natural resources and labor (resources/labor seeking), (2) access to

locally available financial resources (capital seeking), (3) access to local markets (market seeking), and (4) access to know-how and technology (strategic asset seeking). Hence, exiting an IJV after its objectives have been reached has to be seen as success from the perspective of the respective partner firm and thus as an intended IJV termination.

Unintended termination, in contrast, can generally be viewed as a proxy of IJV failure and ongoing underperformance (Makino et al. 2007). It results, for instance, from unforeseeable incidences that significantly impact the objectives, costs and performance of the IJV from the perspective of at least one of the partners. Polidoro and colleagues (2011) analyzed the specific case of 'unplanned', unintended IJV exit through screening and assessing published news reports mentioning liquidated IJVs with regard to key indicators. While in this case the cause-effect chain was rather clear, it becomes somewhat blurred when, for example, the internalization of an IJV is interpreted as success and its liquidation as failure (e.g. Park and Ungson 1997). This ignores the fact that the internalization of an IJV may result from ongoing conflicts between the partners (Hennart & Zeng 2002) and does not reflect success of the IJV at all. Furthermore, as already discussed, the liquidation of an IJV may be due to the fact that at least one or both partners have achieved their intended objectives which therefore implies success rather than failure (e.g., Gomes-Casseres 1987).

**Table 3:** Details of exit measures applied

Measure for IJV exit	Articles	Mode of IJV termination <sup>1</sup>	Main term(s) utilized in article	Meaning of IJV exit <sup>2</sup>
Termination	Gomes-Casseres (1987)	(I), (L)	Buy-out, dissolution	Neutral
	Kogut (1988)	<i>na</i>	Instability	Failure
	Kogut (1989)	(L)	Instability	Failure
	Blodgett (1991)	(I)	Takeover	<i>na</i>
	Kogut (1991)	(I), (L)	Acquisition, dissolution	<i>na</i>
	Li (1995)	<i>na</i>	Exit	Failure
	Nakamura et al. (1996)	<i>na</i>	Dissolution	<i>na</i>
	Yamawaki (1997)	<i>na</i>	Exit	Failure
	Dussauge and Garrette (1997-98)	(I), (L)	Termination	Neutral
	Arino and de la Torre (1998)	(L)	Dissolution	Failure
	Makino and Beamish (1998a)	<i>na</i>	Survival	Instability
	Makino and Beamish (1998b)	<i>na</i>	Survival	Failure
	Hennart et al. (1999)	(I), (L)	Buy-out, liquidation	<i>na</i>
	Pan and Chi (1999)	<i>na</i>	Survival	Failure
	Lampel and Shamsie (2000)	<i>na</i>	Termination	Failure
	Mata and Portugal (2000)	(L)	Closure	Failure
	Steensma and Lyles (2000)	<i>na</i>	Survival	Failure
	Delios and Beamish (2001)	<i>na</i>	Survival	Failure
	Reuer (2002)	(I)	Buy-out, Sell-off	<i>na</i>
	Delios and Beamish (2004)	<i>na</i>	Survival	Failure
	Dhanaraj and Beamish (2004)	<i>na</i>	Mortality	Instability
	Lu and Hebert (2005)	<i>na</i>	Survival	Failure
	Lu and Xu (2006)	<i>na</i>	Survival	Failure
	Valdés-Llaneza and García-Canal (2006)	<i>na</i>	Withdrawal of stakes	Failure
	Xu and Lu (2006)	<i>na</i>	Survival	Failure
	Steensma et al. (2008)	(I)	Internalization	Neutral
	Dhanaraj and Beamish (2009)	<i>na</i>	Mortality	Instability
	Puck et al. (2009)	(I)	Conversion into WOS	Neutral
	Cui et al. (2011)	(I), (L)	Termination	Neutral
	Polidoro et al. (2011)	(L)	Dissolution	Neutral
Longevity	Barkema et al. (1996)	<i>na</i>	Longevity	Failure
	Park and Russo (1996)	(I), (L/S)	Failure	Failure
	Barkema and Vermeulen (1997)	<i>na</i>	Survival	Failure
	Barkema et al. (1997)	<i>na</i>	Longevity	Instability
	Park and Ungson (1997)	(I), (L/S)	Dissolution	Failure
	Hennart and Zeng (2002)	(I), (L/S)	Longevity	Failure
Termination and longevity	Harrigan (1988)	<i>na</i>	Survival, duration	Neutral
	Chowdhury (1992)	<i>na</i>	Exit, longevity	Failure
	Dussauge et al. (2000)	(I), (L)	Takeover, Dissolution	Failure
	Makino et al. (2007)	(L)	Termination, longevity	Neutral

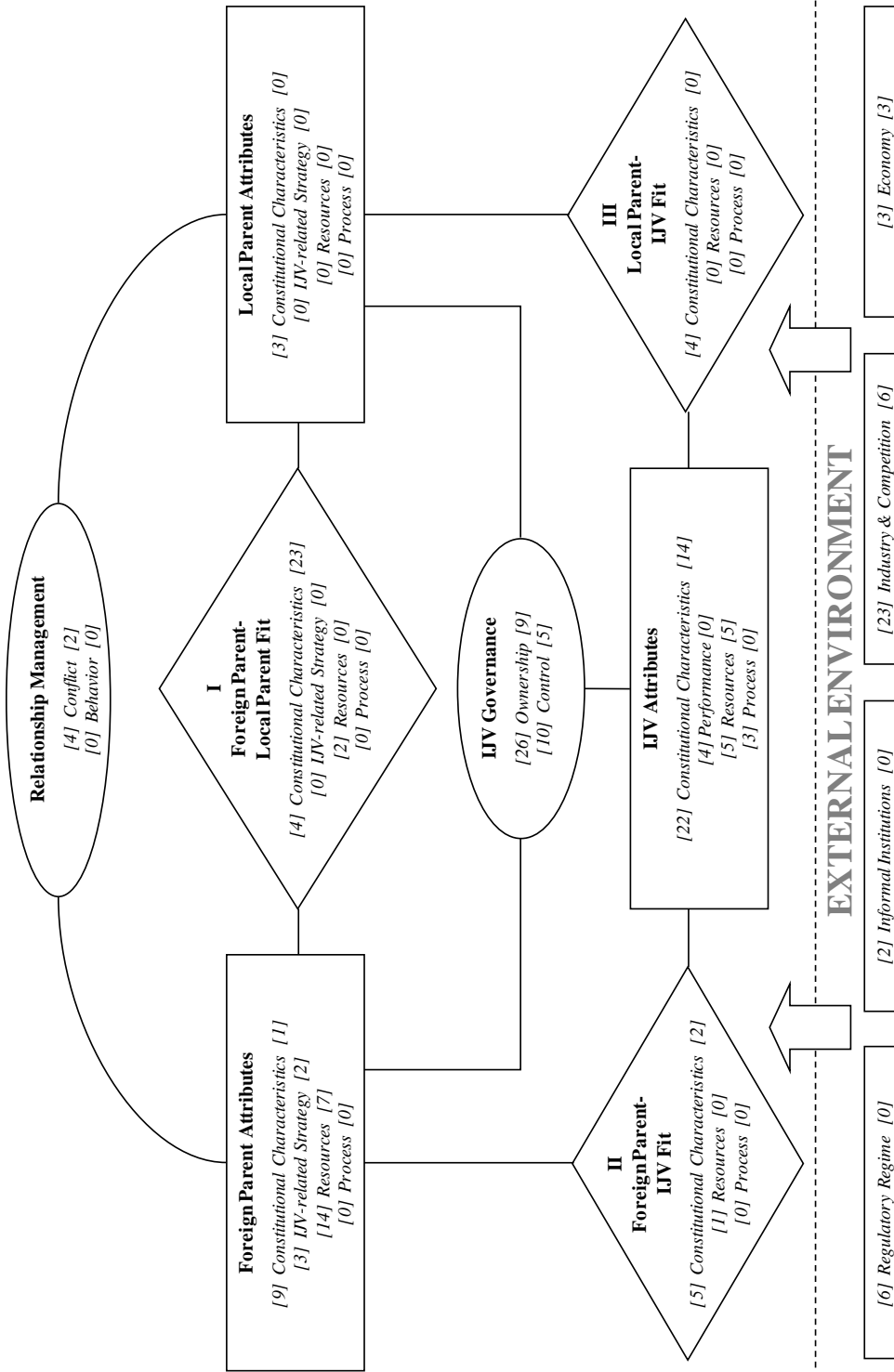
1. *na*: no differentiation of IJV exit mode; (I): the parent buys the stake of the other parent(s), i.e. internalization; (S): the parent(s) sell(s) the stake to a third party; (L): the venture is liquidated 2. *na*: meaning of IJV exit not mentioned at all

### **3.5 Factors determining IJV exit**

As different measures of IJV exit – IJV termination and longevity – are applied, findings of studies and particularly determinants and explanations of IJV exit have to be interpreted carefully. Empirical studies that use IJV termination as dependent variable identify and describe success factors with regard to the likelihood of IJV exit through termination (‘causes of death’). Those that apply IJV longevity provide insights into independent variables that affect the likelihood of a short- or long-term existence of an IJV (‘life-span’). For example, if a study on IJV termination finds that high structural attachment between IJV partners leads to a high likelihood of IJV termination, a study using IJV longevity should find that high structural attachment will lead to very limited longevity of the IJV.

We analyze relevant findings of the IJV exit literature with regard to this need for differentiation in order to identify discrepancies and consistencies across both research streams (i.e., termination and longevity). While Appendix B summarizes findings regarding success factors of IJV termination, Appendix C details findings regarding factors determining IJV longevity. Figure 1, systematically clusters all factors in accordance with the categories of the conceptual framework. The number shown in brackets next to each sub-category indicates the number of empirical tests relating to each factor. Independent variables of IJV termination are shown on the left side, while those impacting IJV longevity are depicted on the right.

Fig. 1: Applying the framework: factor exit relationships IJVs



Note. The numbers in brackets on the left side indicate the number of significant and not significant factor tests in IJV termination studies and the numbers in brackets on the right side indicate the number of significant and not significant factor tests in IJV longevity studies. Absolute numbers in brackets are based on different sample sizes, i.e., 30 termination studies, 6 longevity studies and 4 studies investigation both termination and longevity. Thus, in order to value emphases and gaps relative numbers have to be additionally taken into account. Partner attributes which are not specifiable to whether or not a parent is foreign or local are not shown in this figure.

In total, 120 different *independent variables* or success factors affecting IJV termination and 69 variables determining IJV longevity have been investigated and analyzed by the studies we reviewed. One would expect the need for a significant amount of retesting of these variables; in fact, replication studies are rather rare. Most scholars chose new over already tested variables in an apparent search for exclusiveness and for new insights. Given this very low replication factor, the above-mentioned independent variables have been empirically tested 153 and 79 times, respectively. This sheds light on the striking phenomenon of avoiding retesting that has also been acknowledged by previous researchers with regard to IJV success factors at large (cf., Nippa et al. 2007). Similarly, research on factors impacting IJV exit is still characterized by a tendency to add new factors rather than to re-test factors already studied by other researchers, which, in addition to other factors (e.g. inadequate sample composition), impedes the generalizability of findings.

Of those studies that analyze IJV termination, factors related to *IJV Governance* receive the most attention (approximately 24% of all factor-exit tests), with a remarkable focus on variables that fall under the ‘ownership’ sub-category. A second major sub-category is *IJV Attribute* (approximately 22%), displaying a strong research focus on ‘*constitutional characteristics*’, whereas ‘*performance*’, ‘*process*’, and ‘*resources*’ are occasionally studied. With similar intensity, *External Environment*, is analyzed (approximately 22%) of which research on ‘*industry and competition*’ variables dominates, whereas ‘*regulatory regime*’, ‘*informal institutions*’, and ‘*economy*’ are investigated rather rarely. While overall *Foreign Parent Attributes* are also well studied (approximately 17%), there is a striking dominance of factors that have to be subsumed under ‘*constitutional characteristics*’ and ‘*resources*’, while ‘*IJV-related strategy*’ are rarely considered and ‘*process*’ factors have not been studied at all. ‘*Constitutional characteristics*’ and ‘*resources*’ are the only categories that has been investigated in *Foreign Parent-Local Parent Fit* and *Foreign Parent-IJV Fit*, reflecting moderate attention. Whereas ‘*conflict*’ belonging to *Relationship Management* is somewhat investigated, ‘*behavior*’ has not attracted research interest so far. Since scholars investigated only ‘*constitutional characteristics*’ within the category *Local-Parent Attributes* and neglected *Local Parent-IJV Fit* at all, the view of the local parent has received scarce attention so far.

In contrast, research on IJV longevity mainly studies factors that can be ascribed to *Foreign Parent-Local Parent Fit* (approximately 30%), which exclusively comes down to ‘*constitutional characteristics*’, while ‘*IJV-related strategy*’, ‘*resources*’, and ‘*process*’ have not been considered at all. The second highest emphasis is devoted to *IJV Attributes*

(approximately 24%), of which ‘*constitutional characteristics*’ attract major research interests while ‘*resources*’ have been somewhat tested and ‘*performance*’ and ‘*process*’ not at all. *IJV Governance* has received research attention as well (approximately 18%), whereas ‘*ownership*’ has been focused mainly. *Foreign Parent-IJV Fit* and *External Environment* are moderate investigated, in contrast *Relationship Management* and *Foreign Parent-IJV Fit* are rarely analyzed. The study of *Local Parent Attributes* and *Local Parent-IJV Fit* have been entirely neglected so far.

*IJV parent’s attributes.* Various researchers have shown that previous host country experience, foreign expansion experience, and IJV experience have a negative influence on IJV termination (Delios and Beamish 2001; Delios and Beamish 2004; Li 1995); in other words, such experience prevents the termination of IJVs. Lu and Hebert (2005) support these results by investigating the experience with the IJV industry, however, the authors find that the experience with the host country enhances the likelihood of IJV termination. Studies analyzing the exit mode ‘IJV internalization’ determine that host country experience has a positive impact on IJV termination, whereas IJV experience has a negative impact (Gomes-Casseres 1987) and foreign expansion experience has no significant influence (Puck et al. 2009). As mentioned above, one has to be cautious in comparing the results of studies that apply different measures of IJV termination. In the case of IJV longevity, divergent results are reported, too. On the one hand, Barkema et al. (1997) and Park and Russo (1996) report no effect of previous IJV experience on increased IJV longevity. On the other hand, previous experience with international wholly owned subsidiaries (IWOS) and with domestic JVs enhances IJV longevity, but only if the previous experience was made in a related business (Barkema et al. 1997). Furthermore, Barkema et al. find that previous expansion experience enhances IJV longevity only if the actual IJV is exposed to a similar level of national culture (1996) and of country development (1997). Makino et al. (2007), however, show contradicting results, observing and reporting that previous foreign expansion experience has a negative impact on increased longevity. Again, in the light of these contradictory results, more research is called for.

The number of other subsidiaries operated by the respective foreign partners has a positive impact on IJV termination (Dhanaraj and Beamish 2004, 2009) and causes reduced longevity (Makino et al. 2007), thereby representing consistent results across both IJV exit measures.

*IJV Attributes.* While Chowdhury (1992) finds a linear and positive relationship between IJV age and IJV termination, Lu and Xu (2006) report a negative impact. Delios and Beamish (2004) argue for a non-linear relationship because they were able to show that termination

rates rise with increasing IJV age and decline with high levels of IJV age. The opposite results are reported by Dhanaraj and Beamish (2004). Together with the fact that Li's (1995) data shows inconsistent results for different industry subsamples, it becomes obvious that increased differentiated research is needed. When differentiating the IJV exit mode, IJV age has no influence on IJV internalization, but it enhances the IJV's longevity within the subsample of liquidated IJVs (Hennart and Zeng 2002). Consistent with the results of Delios and Beamish (2004), scholars differentiating IJV exit modes find also a non-linear relationship between IJV age and IJV exit through liquidation (Park and Russo 1996) and via internalization (Dussauge et al. 2000).

Investigating the size of IJVs, the majority of studies confirm a negative impact on IJV termination (Delios and Beamish 2001; Delios and Beamish 2004; Dhanaraj and Beamish 2004; Lu and Hebert 2005; Lu and Xu 2006; Xu and Lu 2006), implying that the likelihood of IJV termination is lower for larger IJVs than for smaller ones. However, other studies do not show any correlation apparently as a result of applying IJV internalization as a dependent variable for IJV termination (Puck et al. 2009) or inconsistent findings as in the case of Li (1995). As consistent results are again reported for IJV longevity (Makino et al. 2007), predominant evidence of the negative impact of IJV size on IJV termination can be reported.

While Valdés-Llaneza and García-Canal (2006) find that IJVs operating in multiple countries are less likely to be terminated, studying IJV longevity Park and Ungson (1997) show the opposite within the subcategory of liquidated IJVs and no correlation in case of internalized IJVs.

Kogut (1991) observes that the propensity of IJV internalization is higher if the IJV entails R&D activities, whereas the likelihood of IJV liquidation is lower in that case. Opposing results are confirmed by Park and Russo (1996) within the subsample of internalized IJVs and no correlation is found if the exit mode was liquidation.

Investigating the impact of the parent's contributions on IJV exit by internalization, Kogut (1991) and Park and Russo (1996) show consistent results. IJVs in which the parents contributions are integrative (e.g., partners jointly manufacture and distribute a product) but not sequential (e.g., one partner manufactures a product and the other distributes it) are more likely to be terminated and thus imply shorter longevity.

*Fit categories.* IJVs which – from a parent firm's perspective – diversify into unrelated product areas or into unrelated lines of business (Delios and Beamish 2004; Li 1995; Lu and Xu 2005; Xu and Lu 2006) are more likely to be terminated than those that do not diversify, although Puck et al. (2009) do not show any correlation between diversification and IJV



internalization. Park and Ungson (1997) find contradictory results and report that IJVs that operate in related product areas and markets persist less within both subsamples – liquidated and internalized IJVs.

Studying the impact of cultural distance between IJV partners, conflicting results are reported across IJV exit measures. Dhanaraj and Beamish (2004) show that Japanese-Japanese IJVs located outside of Japan are less likely to be terminated than Japanese-foreign IJVs. Similarly, several articles addressing IJV longevity confirm that high cultural distance between IJV partners causes lower longevity (Barkema and Vermeulen 1997; Barkema et al. 1996; Harrigan 1988; Makino et al. 2007). Although one may argue that the cultural fit accounts for a reduction of the probability to unintentionally close down an IJV, the findings of Park and Ungson (1997) contradict this conclusion. They show that Japanese-U.S. IJVs imply enhanced longevity in case of liquidation, sale to a third party, and internalization than U.S.-U.S. JVs. Puck et al. (2009) generally find a negative relationship between cultural distance and IJV internalization by the foreign parent, too. They attribute these results to increased difficulties in managing culturally distant foreign operations and to higher transaction costs. Other studies, such as Delios and Beamish (2004), do not find a significant correlation of cultural distance and termination or identify important moderators, as in the case of Park and Ungson (1997), who prove that the significant positive impact of increased cultural distance on IJV longevity becomes insignificant if prior relationship is added as a control variable. Distinguishing between different forms of IJV termination, Hennart and Zeng (2002) conclude that Japanese-U.S. IJVs and U.S.-U.S. IJVs have the same longevity if they are terminated via liquidation and sale to third parties, whereas the longevity of Japanese-U.S. IJVs is lower than that of U.S.-U.S. IJVs in the case of internalization, indicating that cultural distance does play a role in this case.

*Relationship Management.* Within an alliance or partnership, conflicts between the partners can result from perceived friction, incompatible purpose, or perceived injustice (Ring and Van de Ven 1994). Arising conflict often leads to mistrust and relational instability (Tyler and Smith 1997) and, endangering the survival of the IJV (Hambrick et al. 2001). Accordingly, Steensma and Lyles (2000) find a positive correlation between parental conflict and IJV termination. However, prior relationship between partners can negate the conflicts caused by cultural distance and can lead to an enhanced longevity of the IJV (Park and Ungson 1997).

*IJV Governance.* The number of IJV parents raises the complexity of IJV management, leads to mounting coordination costs and increases the likelihood of conflict, thus negatively

impacting the longevity of IJVs (Hennart and Zeng 2002). This result is confirmed by Delios and Beamish (2004) who find that two-partner IJVs have significantly lower termination rates than multi-partner IJVs. However, opposite findings are reported by Dhanaraj and Beamish (2004) as well as by Park and Russo (1996) in case of liquidated IJVs. Valdés-Llaneza and García-Canal (2006) illustrate that a large number of IJV partners affect IJV termination negatively if all partners are competitors and positively if competition does not exist among all parents.

Conflicting results were also found regarding the distribution of ownership or equity among IJV partners. Studying IJV termination, Dhanaraj and Beamish (2004) find that the equity share owned by foreign parents has a nonlinear and declining effect on termination, implying that foreign ownership impedes IJV termination. Contrary, Xu and Lu (2006) show that equity held by the foreign parent has generally no impact on IJV termination. However, according to these authors foreign ownership leads to a declining propensity of IJV termination only if the foreign parent has simultaneously a high level of technological knowledge or in case of a high level of product relatedness between the foreign parent and the IJV. Co-owned IJVs, i.e., 50-50 IJVs have a lesser likelihood of termination compared to IJVs with unequal equity distribution (Delios and Beamish 2004). These results in turn are contradicted by authors showing that IJVs that have a clear majority owner are least likely to be terminated (Chowdhury 1992; Lu and Hebert 2005; Makino and Beamish 1998a). Hennart and Zeng (2002), by contrast, show that well balanced equity share between IJV parent organizations generally influence IJV longevity positively. Analogue to the study of Park and Russo (1996) the authors confirm these findings within the subsample of internalized IJVs but they do not report significant correlation in case of liquidated IJVs. Chowdhury (1992) finds that co-owned IJVs have on average the shortest life-span, while Makino et al. (2007) could not show a correlation between ownership structure and IJV longevity.

*External Environment.* In terms of the economic environment in a host country, Hennart and Zeng (2002) do not find any correlation between industry growth and IJV persistence, yet differentiating the mode of IJV termination, they illustrate that industry growth leads to enhanced IJV longevity within the subsample of IJV liquidation and sale to a third party. In contrast, other researchers show that industry growth increase the likelihood of IJV termination by liquidation (Kogut 1989) and via internalization (Kogut 1991). Li (1995) finds inconsistent results within the industry subsamples when investigating IJV termination generally, whereas Kogut (1991) reports no significant relationship when analyzing IJV exit by liquidation particularly.

Analyzing the influence of industry volatility on IJV termination, Kogut (1989) illustrates that changes of industry concentration lead to an enhanced likelihood of IJV liquidation. In contrast, Hennart and Zeng (2002) show a positive relationship between changes of industry concentration and IJV longevity in general. This relationship is caused by the subsample of internalized IJVs, since the correlation within the subsample of liquidated IJVs is insignificant.

#### **4 Discussion of key findings and future research directions**

Based on the findings outlined above, four key points appear to be of major interest and are discussed in the following section: (1) general research gaps and consequences; (2) evidence of important consistencies and inconsistencies of findings in both IJV exit research streams, i.e., IJV termination and IJV longevity; (3) possible consequences regarding an apparent lack of distinction between intended and unintended IJV termination, and (4) methodological problems related to research on factors that impact IJV exit.

##### **4.1 General research gaps**

In general, research pays much more attention to factors determining IJV termination than IJV longevity (153 vs. 79 tests). Regarding IJV exit determinants, *'ownership'* as a sub-category of *IJV Governance*, *'constitutional characteristics'* as sub-categories of *IJV Attributes*, as well as *'industry and competition'* as sub-categories of *External Environment*, are studied rather intensively in the case of studies that address IJV termination. Almost 30% of all factor-exit tests for IJV longevity can be subsumed under *'constitutional characteristics'* of *Foreign Parent-Local Parent Fit* and approximately 18% under *'constitutional characteristics'* of *IJV Attributes*. These overlaps aside, several mutual research gaps need to be highlighted.

IJV exit research has almost neglected the view of the local parent so far (i.e., *Local Parent Attributes*, *Local Parent-IJV Fit*). Although the limitation is frankly admitted by some researchers (e.g., Dhanaraj and Beamish 2004; Lu and Xu 2006), this constraint most likely leads to biased conclusions with regard to the importance of a specific determinant for the likelihood of IJV exit, in the same way as lacking focus on a partner's IJV intentions. For example, the formation of IJVs in the PRC has often been associated with foreign partners' intent to get access to the huge Chinese market and with the local partners' intent to get access to foreign firm-specific capabilities, such as advanced technology (e.g., Osland and Cavusgil 1996; Yan and Child 2002). Each of the parent firms, however, will be inclined to persist with the venture only inasmuch as they have satisfied their initial or adopted intention. If conflict

(i.e., one determinant of IJV exit) evolves between the partners, those with a higher achievement rate of their initial or adopted intentions will be less dependent on resolving the conflict in a constructive way and, thus, will be more willing to think about terminating the IJV. Proving this general assumption, however, requires empirical studies that simultaneously include the management of the foreign and local parent firms, and the management of the IJV, to comprehensively analyzing different intentions, objectives, motives, and expectations with regard to their impact on IJV exit and/or IJV longevity. This calls for different empirical and methodological approaches that may be more difficult to conduct than quantitative studies based upon archive data.

Concerning the environment of an IJV, the political, social, and economical environment of a host country are important determinants of IJV performance and partner commitment (Dhanaraj and Beamish 2009). Such factors have been identified as playing a crucial role for IJV failure and success in developing countries, such as, for instance the PRC (e.g., Li et al. 1999; Osland and Cavusgil 1996; Young et al. 2011). Considering the significant impact of the socio-economic and cultural situation of the host country on an IJV located there, it is essential to further specify and analyze host country characteristics. In fact, while researchers do control their findings for the effects of developed versus developing countries (e.g., Dhanaraj and Beamish 2004), they often do not particularize IJV host countries and thus complex country specifics might get mixed up. Comparative research may help in this regard, especially in the light of quickly changing conditions in many fast developing, emerging economies (e.g., Brazil, PRC, India) and increased outbound FDI from these economies.

The impact of cultural distance between the parents of an IJV on performance and likelihood of IJV termination has been investigated by several studies. Findings, however, often suffer from the limitation that they are predominantly based on artificial cultural clusters that embrace culturally similar or comparable countries (e.g., Barkema et al. 1996). Building cultural clusters enables the generalization of results but can lead to inadequate conclusions due to the clustering of country specific values (even if they are similar or comparable) that “engender trust, learning, and long-term horizons – all of which favor the stability of alliances” (Park and Ungson 1997, p. 302). Only a few researchers analyzing IJVs provide readers with the origin of the operating partners (e.g., Japanese-U.S. vs. Japanese-Japanese: Hennart and Zeng 2002), thus enabling country-specific implications. In order to complement these findings, further comparative analyses of IJVs operated by parents that originate from two countries are warranted.

Finally, many studies do not differentiate the mode of IJV termination (cf. Ren et al. 2009).

As they are predominantly based upon archive data, such studies exclusively refer if an IJV has been disappeared from a database within a pre-defined period of time (e.g., Makino and Beamish 1998a). This leads to serious problems regarding how to compare and interpret findings. On the one hand, empirical results and insights provided by these studies are hardly comparable with those from studies that refer to specific modes of IJV termination (e.g., internalization); on the other, it is problematic to derive precise conclusions if the termination mode is not taken into account. The internalization of an IJV reflects an IJV parent's *extension of commitment* (Reuer 2002), for instance if the IJV conditions turn favorable (Gomes-Casseres 1987). By contrast, the liquidation of an IJV implies the partner's *withdrawing from cooperation* (Reuer 2002), perhaps after unfavorable changes of the initial situation (e.g., rapid change in technology: Hamel 1991). Thus, the predominant neglect of differentiating exit modes within IJV exit research can lead to imprecise findings and misleading implications. Furthermore, determinants influencing IJV exit are most likely to vary as a function of different exit modes (Reuer 2002). The partner's cultural distance, for example, is frequently analyzed to explain IJV performance (Delios and Beamish 2004). Generally, significant cultural distance between IJV partners "can be a source of misunderstanding and miscommunication" (Makino et al. 2007) and imply divergent policies regarding business management (Park and Ungson 1997), leading to IJV *liquidation*. By contrast, Puck et al. (2009) analyze IJV *internalization* and argue that high cultural distance will cause difficulties for firms in operating a foreign venture alone, which negatively influences IJV exit through *internalization*. Since the opposing impact of cultural distance regarding IJV exit (i.e., liquidation vs. internalization) is not considered in the various studies that mix IJV exit modes (e.g., Barkema et al. 1997; Delios and Beamish 2004), the findings of these studies are difficult to interpret. Hence, one has to conclude that research that explicitly defines and distinguishes different IJV exit modes is clearly needed.

#### **4.2 Consistent findings across IJV termination and longevity measures**

As noted earlier, both IJV termination and IJV longevity represent adequate proxies for IJV exit (Ren et al. 2009). However, because of different measurement approaches – i.e., likelihood of IJV exit in the case of IJV termination (event-oriented measure) versus short- or long-term IJV duration in the case of IJV longevity (duration-oriented measure) – findings most likely differ, too. More specifically, when comparing both research streams, we identify factors that show consistency in outcomes with regard to both IJV exit measures and factors that are inconsistent across IJV exit measures. On the one hand, there are factors that lead to a

high likelihood of IJV termination *as well as* to a limited duration – namely ‘the number of other subsidiaries’ (Dhanaraj and Beamish 2004, 2007; Makino et al. 2007), ‘IJV size’ (e.g., Lu and Hebert 2005; Makino et al. 2007), and ‘integrative IJVs’ (Kogut 1991; Park and Russo 1996) – thus representing consistent results. On the other hand, we identify inconsistent findings regarding factors like ‘IJV age’, ‘cultural distance’, ‘experience with international expansion’, ‘ownership division’, and ‘industry growth’.

The majority of studies report inconsistent findings across both research streams of IJV exit, however, as stated above, the partial inconsistency of findings can be explained by the different measurement of both IJV exit proxies. Thus, re-testing IJV exit factors is warranted to substantiate consistent findings and to weaken singular inconsistent results. Furthermore, more empirical evidence is needed to clarify the substitutability of both IJV exit factors and to define the respective exceptions – i.e., exit factors determining a high likelihood of IJV termination, but not a short longevity.

#### **4.3 Impact of partner’s IJV purpose on intended vs. unintended IJV exit**

Although the literature generally fails to differentiate between intended and unintended termination of an IJV (Cui et al. 2011; Makino et al. 2007), the distinction is crucial for at least two reasons. Firstly, the predominant refusal of research approaches to regard some IJV exit decisions not as failure but as a success will be resolved. As already mentioned, IJV exit can be an intended result of a successful temporary partnership (Yan 1998) in the case that the partners’ initial or adapted IJV purposes have been achieved (Gomes-Casseres 1987), or that better alternatives for achieving these purposes are available (e.g., Reuer 2000). Extending our knowledge about IJV exit with this additional insight avoids misinterpretation of the factors leading to IJV exit as well as misguided stereotypes of equating IJV exit with failure. Secondly, taking into account the parent’s strategic purposes prevents inadequate investigation of IJVs as a single business unit without considering their interdependence with the parent’s organization (Reuer 2002). Generally, managing IJVs successfully is highly dependent on the respective commitment of their parent organizations, which is highly influenced by the strategic purpose they pursue with the IJV (Isobe et al. 2000).

For example, if the strategic purpose of founding and running an IJV is organizational learning (i.e., acquisition of the other partner’s knowledge: Meier 2011), the IJV parent may intend to terminate the IJV once the learning objective has been achieved (Makhija and Ganesh 1997). In this case, the IJV termination reflects success from the terminating parent’s point of view even if the IJV has been unprofitable since its formation (Geringer and Hebert,

1989). While neglecting this important determinant has been openly admitted as a limitation of their own findings by scholars such as Dhanaraj and Beamish (2004), it furthermore cast doubts on results and conclusions provided by studies that do not explicitly investigate into the objectives of the parent firms. Future studies need to consider the parent's IJV purpose and to differentiate intended and unintended IJV termination when investigating IJV exit factors.

#### **4.4 Methodological considerations**

A fundamental problem - not only of research in the context of IJV exit - is the low generalizability of results. Researchers openly admit biases of their studies due to data specifics including partners' cultural origin, IJV locations, regulatory restrictions of host countries, multiple-party IJVs, sample sizes, and so forth (e.g., Makino and Beamish 1998a; Dhanaraj and Beamish 2004; Valdés-Llaneza and García-Canal 2006; Steensma et al. 2008). Consequently, some scholars call for re-testing of their findings in order to substantiate the results (Hennart and Zeng 2002); however, the call seems to have gone unheard, as replication studies are so far rare exception.

Beyond the problem of replication it is of considerable concern that the majority of IJV exit factors studied so far (e.g. national cultures) are rather static, rigid and external, whereas dynamic and flexible exit factors (e.g., conflict) are rather neglected (Cui et al. 2011). This finding is in line with previous reviews of IJV success factors at large (Nippa et al. 2007) and of IJV instability in particular (Yan and Zeng 1999). One reason for this imbalance is the predominant methodological approach to using secondary data, i.e., event-history-analysis (e.g., Barkema et al. 1997). Responding to this research gap (see also Parkhe 1993, 2004, 2006 for similar findings), a recent study by Cui et al. (2011) addresses dynamic IJV exit factors based upon apparent changes of selective secondary data.

The current overemphasize and overuse of quantitative methods by researchers combined with an apparent negligence of theory development has been criticized for a long time (Parkhe 1993, 2004, 2006). Our sample and analysis supports Parkhe's criticism as only a minority of the studies we surveyed apply a sound theoretical foundation and almost no paper offers suggestions with regard to substantive theory improvement. A possibly fruitful approach to at least partly overcoming this problem is to relate the objective of the empirical study more closely to the underlying theory. A study which refers basically to transaction cost theory, for instance, should at first identify and analyze IJVs that are established in order to minimize transaction costs (cf. Glaister, 2004) and subsequently compare results with IJVs that are

formed for other reasons.

## 5 Conclusion

During the last 30 years, research regarding IJV exit has received considerable academic attention. The sample of 44 publications that explicitly study factors and processes leading to or explaining the exit of IJVs embraces 40 empirical and four non-empirical studies. The findings of these articles are based on a wide variety of quantitative research approaches, methodologies and databases, which we structured according to an established conceptual and theory based framework (Nippa et al. 2007).

Analyses show that research on IJV exit factors neglects dynamic and flexible factors (e.g., conflict, knowledge acquisition). Articles that apply an IJV termination measure predominantly address and analyze *IJV Governance* issues and factors relating to the *External Environment* as well as to *Foreign Parent and IJV Attributes*. Of those articles using IJV longevity as a measure to analyze IJV exit, almost 30% investigate factors relating to the fit between the foreign and the local parent, and 25% on factors that can be assigned to *IJV Attributes*. Noticeably, across the two streams that measure IJV exit differently (IJV termination versus IJV longevity), factors regarding the local partner (e.g., attributes, local parent-IJV fit) receive only little attention, thus offering an important avenue for future research. Moreover, both research streams are dominated by studies that add new factors rather than re-testing the empirical findings of factors already studied in different samples and over time, which generally reduces generalizability.

The limitations of this review are as follows. First, such reviews have to be selective with regard to the scholarly contributions. While grounding the review on articles published in top-ranked journals with an established peer-review system during the period from 1991 to May 2011 ensure high quality, relevant work published in working papers or book chapters may be neglected. Despite the fact, that we examined the citations of all selected studies to identify further relevant publications, we cannot exclude the possibility that empirical findings published elsewhere may alter our conclusions to a certain degree. Second, by applying a selection process based upon key words, rigid selection criteria, focusing on international joint ventures and using IJV termination and IJV longevity as adequate measures of IJV exit, we may additionally exclude other related studies. Third, due to the variety of individually tested factors determining IJV exit within our sample an otherwise preferable meta-analysis is impossible (cf., Lockett et al. 2009). However, all these limitations offer ground for future studies to challenge or to further support our findings.



We have identified several directions future research may take. Despite the vast number of investigated IJV exit factors, several areas have been rather neglected (i.e., dynamic factors, local parent factors) so far and call for further empirical testing. In addition, factors that have already been analyzed could be re-tested in different contexts to improve reliability and thus the generalizability of previous findings. A more stringent differentiation of IJV termination modes (i.e., internalization, sale to third parties, liquidation) will definitely advance scholarly knowledge about IJV exit decisions which will subsequently also lead to better applicability of findings by practitioners. Finally, as already highlighted, future research needs to account for the parents' strategic purposes regarding the IJVs they establish and run, if only to overcome the predominant but wrong assumption that IJV exit equals failure. In fact, one has to emphasize that much of IJV management in practice, including the decision to exit an IJV, is dependent on the underlying strategic objectives and intentions the IJV partners hold with regard to their joint organizational venture. Extending this perspective, IJVs may not be regarded as isolated business entities, but should be regarded as and analyzed within the context of their parent firms' portfolio of business units and alliances (Koza and Lewin 1998).

## Endnotes

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<sup>1</sup> For the full list (37<sup>th</sup> edition, 27 May 2010) see <http://www.harzing.com/jql.htm>.

<sup>2</sup> Some researchers subsume IJV exit under IJV instability (e.g., Yan and Zeng, 1999), while defining IJV instability in terms of changes in ownership structure (Gomes-Casseres, 1987), drastic shifts in the parent control structure (Yan, 1998), or inter-partner renegotiations of prior contracts (Blodgett, 1992). In fact, the IJV still exists as a cooperative organization (i.e., survival; Das & Teng, 2000) and modifications of the interfirm partnership may simply reflect usual adaptations to changing business conditions (Yan 1998; Beamish & Lupton, 2009). Hence, as long as studies do not explicitly analyze either termination or longevity as a dependent variable, we exclude such articles from our sample.

<sup>3</sup> We would like to thank all scholars who have reviewed our preliminary list of key words.

**Appendix A: Final list of key words**

1. Abandon	21.Continuanace	41.Eliminate	61.Liquidation	81.Stability
2. Abort	22.Continuation	42.Elimination	62.Live	82.Stable
3. Abortion	23.Continue	43.End	63.Longevity	83.Stand
4. Acquire	24.Continuity	44.Endurance	64.M&A	84.Stop
5. Acquisition	25.Converge	45.Endure	65.MBO	85.Survival
6. Bankrupt	26.Conversion	46.Exist	66.Merge	86.Survive
7. Bankruptcy	27.Crisis	47.Existence	67.Merger	87.Take over
8. Break	28.Discontinuation	48.Exit	68.Period	88.Takeover
9. Breaking	29.Discontinue	49.Fail	69.Persist	89.Take-over
10.Buy	30.Disintegrate	50.Failure	70.Persistence	90.Tenure
11.Buyout	31.Disintegration	51.Finalization	71.Persistency	91.Terminate
12.Buy-out	32.Dismiss	52.Finalize	72.Quit	92.Termination
13.Cancel	33.Dissolution	53.Finish	73.Resilience	93.Transition
14.Cancelation	34.Dissolve	54.Insolvency	74.Resilient	
15.Change	35.Dissolving	55.Insolvent	75.Restructure	
16.Change Management	36.Divest	56.Instability	76.Restructuring	
17.Close	37.Divestment	57.Instable	77.Sale	
18.Closure	38.Divesture	58.Internalization	78.Sell	
19.Collapse	39.Durability	59.Life	79.Selloff	
20.Consistency	40.Duration	60.Liquidate	80.Sell-off	

**Appendix B: Exit factors for IJV termination**

Category	Exit mode	+	-	0
<b>Foreign Parent Attributes</b>				
<i>Constitutional characteristics</i>				
Number of other subsidiaries (24, 31)	na	2		
Foreign expansion (1)	I	1		
Size (21, 23, 24, 31, 9)	na	4		1
Diversification (1)	I		1	

*IJV-related strategy*

IJV motive is strategic asset seeking (as opposed to resources/labor, capital and market seeking; 29)	L	1	
Trojan Horse hypothesis: Parental knowledge acquisition leads to IJV internalization (15)	I		<i>Not supported</i>
'Weak' Trojan Horse hypothesis: Parental knowledge acquisition leads to IJV internalization or liquidation (15)	I/L		<i>Not supported</i>

*Resources*

Asset specificity (32)	I		1
Technological knowledge (26)	<i>na</i>		1
Proprietary assets (24)	<i>na</i>		1
Increase of local knowledge (1, 32)	I	2	
Prior experience			
- with host country (9; 25)	<i>na</i>	1	1
- with host country (1)	I	1	
- with foreign expansion (23)	<i>na</i>		1
- with foreign expansion (33)	I		1
- with IJVs (21, 23)	<i>na</i>		2
- with IJVs (1)	I		1
- with the IJV's industry (25)	<i>na</i>		1

**Local Parent Attributes***Constitutional Characteristics*

Age (26)	<i>na</i>		1
Size (26, 28)	<i>na</i>		2

**Parent Attributes** (*not specified if foreign/local*)*Constitutional Characteristics*

Size (22, 27)	<i>na</i>		1	1
Number of M&A events (33)	<i>na</i>	1		
Number of M&A events (33)	I	1		
Number of M&A events (33)	L	1		
Decrease in the availability of alternative partners (33)	<i>na</i>		1	
Decrease in the availability of alternative partners (33)	I		1	
Decrease in the availability of alternative partners (33)	L			1
Level of diversification (33)	<i>na</i>		1	
Level of diversification (33)	I		1	
Level of diversification (33)	L			1
Financial resources (22)	I		1	

*IJV-related Strategy*

Fulfillment of financial performance objectives (16)	<i>na</i>	1
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*Resources*

Increase in R&D resources (33)	<i>na</i>	1
Increase in R&D resources (33)	I	1
Increase in R&D resources (33)	L	1
Increase in R&D resources with regard to R&D JVs (33)	<i>na</i>	1
Increase in R&D resources with regard to R&D JVs (33)	I	1
Increase in R&D resources with regard to R&D JVs (33)	L	1
Initial level of marketing resources (33)	<i>na</i>	1
Initial level of marketing resources (33)	I	1
Initial level of marketing resources (33)	L	1
Increase in marketing resources (33)	<i>na</i>	1
Increase in marketing resources (33)	I	1
Increase in marketing resources (33)	L	1
Increase in marketing resources with regard to marketing JVs (33)	<i>na</i>	1
Increase in marketing resources with regard to marketing JVs (33)	I	1
Increase in marketing resources with regard to marketing JVs (33)	L	1

**Foreign Parent-Local Parent Fit***Constitutional Characteristics*

Cultural distance (23)	<i>na</i>	1
Cultural distance (22, 32)	I	2
- Japanese-Japanese (as opposed to Japanese-foreign IJVs; 24)	<i>na</i>	1

*Resources*

Convergence of parental capabilities (10)	<i>na</i>	1
Divergence of parental capabilities (1, 10)	<i>na</i>	1

**Parent-Parent Fit** (*not specified if foreign/local*)*Constitutional Characteristics*

Formation of competing partnerships (33)	<i>na</i>	1
Formation of competing partnerships (33)	I	1
Formation of competing partnerships (33)	L	1
Formation of multiple partnerships with IJV partner (33)	<i>na</i>	1
Formation of multiple partnerships with IJV partner (33)	I	1
Formation of multiple partnerships with IJV partner (33)	L	1
Formation of multiple partnerships with IJV partner (5)	L	1
- Formation of other supply agreements with IJV partner (as opposed to other JVs or licensing agreements; 5)	L	1

- Formation of other JVs or licensing agreements with IJV partner (as opposed to other supply agreements; 5)	L	1		
<b>Network embeddedness</b>				
- Level of firm's combined network centrality (34)	L		1	
- Level of firm's combined network centrality if previous relationship with IJV partner exist (34)	L	1		
- Partners possess diverging network centrality (as opposed to similar network centrality) (34)	L	1		
- IJV partners possess high number of common partners (34)	L		1	
- Number of common partners contributes more to mitigating hazard of termination if high level of diverging network centrality exist (as opposed to similar network centrality) (34)	L			<i>Supported</i>
- Number of common partners contributes more to mitigating hazard of termination if partners have high competitive overlap (as opposed to low competitive overlap) (34)	L			<i>Supported</i>
Related horizontal diversification between IJV parents (3)	<i>na</i>			1
Related vertical diversification between IJV parents (3)	<i>na</i>		1	
Different level of asset size between partners (3, 4)	<i>na</i>			2
<i>IJV-related Strategy</i>				
IJVs entailing market activities intensify negative relationship between the likelihood of IJV exit and number of partners (27)	<i>na</i>			<i>Supported</i>
<i>Resources</i>				
Previous relationship between partners (27)	<i>na</i>		1	
Differing level of experience regarding alliances with competitors (17)	I		1	
Different level of venturing experience between partners (3)	<i>na</i>			1
Partner's contributions are not as originally expected and JV renegotiation is not feasible due to poor relationship quality (12)	L		1	
<b>IJV Attributes</b>				
<i>Constitutional Characteristics</i>				
Size (9, 21, 23, 24, 25, 26, 28)	<i>na</i>		6	1
Size (32)	I			1
Age (8, 9, 26)	<i>na</i>	1	1	1
- invert U function (23, 24)	<i>na</i>	1	1	
Multiple country scope (27)	<i>na</i>			1
IJVs with marketing activities (as opposed to absent marketing; 4)	<i>na</i>		1	
IJVs with R&D or marketing activities (as opposed to production; 7)	I		1	
IJVs with R&D activities (as opposed to production or marketing; 7)	L			1

Integrative JV (as opposed to sequential JV; 17)	I	1	
Shared-supply JVs (as opposed to quasi-concentration/ market-penetration JVs; 2)	L	1	
Quasi-concentration JVs (as opposed to shared-supply/ market-penetration JVs; 2)	L		1
Market-penetration JVs (as opposed to shared-supply/ quasi-concentration JVs; 2)	I	1	
IJVs located in area of Beijing, Shanghai, Tianjin and coastal cities (16)	na		1
<i>Performance</i>			
Low sales performance (33)	na	1	
Low sales performance (33)	I	1	
Low sales performance (33)	L	1	
IJV sales growth (26)	na		1
<i>Resources</i>			
Technology-local knowledge JV (1)	I	1	
Link alliances (as opposed to scale alliances; 17)	I	1	
Technically oriented link alliances (as opposed to scale alliances; 17)	I	1	
Marketing oriented link alliances (as opposed to scale alliances; 17)	I		1
Link and scale alliances are equally likely to dissolve (17)	L	<i>Supported</i>	
<i>Process</i>			
Internal isomorphic pressures (27)	na	1	
Acquisition of foreign parent capabilities (30)	I		1
Acquisition of foreign parent capabilities (20)	na		1
<b>Foreign Parent-IJV Fit</b>			
<i>Constitutional Characteristics</i>			
Unrelated diversification of IJV (9, 23, 26, 28)	na	4	
Unrelated diversification of IJV (32)	I		1
<i>Resources</i>			
Parental contribution of technology (6)	I	1	
<b>Local Parent-IJV Fit</b>			
Unrelated diversification of IJV (products; 28)	na		1
Industry relatedness between local parent and IJV (26)	na		1
- strengthens the positive effect of parent age on IJV survival (26)	na	<i>Not supported</i>	
- strengthens the positive effect of parent size on IJV survival (26)	na	<i>Not supported</i>	
<b>Parent-IJV Fit (not specified if foreign/local)</b>			
<i>Constitutional Characteristics</i>			
Consistency of IJVs with the parent's dominant logic (18)	na		1

Initial level of IJV relatedness (33)	<i>na</i>	1		
Initial level of IJV relatedness (33)	I	1		
Initial level of IJV relatedness (33)	L		1	
Increase in IJV relatedness (33)	<i>na</i>	1		
Increase in IJV relatedness (33)	I	1		
Increase in IJV relatedness (33)	L		1	
Related diversification of IJV (3)	<i>na</i>		1	
Related diversification of IJV (22)	I	1		
Related horizontal diversification of IJV (3)	<i>na</i>		1	
Related vertical diversification of IJV (3)	<i>na</i>	1		
Industry relatedness of an IJV to one of its parents reduces the positive relationship between industry relatedness of the IJV to the other parent, on one hand, and IJV survival (26)	<i>na</i>			<i>Supported</i>
<b>Relationship Management</b>				
<i>Conflict</i>				
Parental conflict (20)	<i>na</i>	1		
High level of conflict (compared to low level) intensifies the positive relationship between power imbalance and termination (30)	I			<i>Supported</i>
Low levels of conflict lead to a positive relationship between foreign knowledge acquired by the IJV & local internalization of the IJV (30)	I			<i>Supported</i>
High levels of conflict lead to a negative relationship between foreign knowledge acquired by the IJV & local internalization of the IJV (30)	I			<i>Supported</i>
<b>IJV Governance</b>				
<i>Ownership</i>				
Majority equity stakes (as opposed to co-owned; 4, 8, 23, 13)	<i>na</i>	1	1	2
Majority equity stakes (as opposed to co-owned; 19)	L		1	
Majority equity stakes (as opposed to minority; 1)	I	1		
Majority equity stakes owned by foreign parents (13, 25)	<i>na</i>		2	
Equity owned by foreign parent (11, 28)	<i>na</i>		1	1
- and technological knowledge by this parent (28)	<i>na</i>		1	
- and product relatedness between foreign parent and IJV (28)	<i>na</i>		1	
- moderate foreign majority (as opposed to high foreign majority) (23)	<i>na</i>			1
- non-linear relationship (24)	<i>na</i>		1	
Equity owned by local parent				
- and technological knowledge by this parent (28)	<i>na</i>			1
- and product relatedness between local parent and IJV (28)	<i>na</i>			1
- moderate local majority (as opposed to co-owned) (23)	<i>na</i>			1

Equity owned by parent (not specified is foreign/local; 22)	I	1	
- and technological knowledge by this parent (25)	na		1
- and advertising intensity by this parent (25)	na		1
- and external uncertainty (25)	na		1
- and experience with the IJV's industry by this parent (25)	na	1	
- and host country experience by this parent (25)	na		1
Intrafirm IJVs (as opposed to Cross-national domestic JVs, traditional IJVs, trinational JVs) (13)	na		1
Traditional IJVs and trinational IJV (as opposed to intrafirm IJVs, cross-national domestic JVs) (13)	na	1	
Cross-national domestic JVs have a moderate survival likelihood (as opposed to intrafirm IJVs, traditional IJVs, trinational JVs) (13)	na		<i>Supported</i>
<i>Control</i>			
Number of parents			
- Two parents (as opposed to multiple parents) (23, 24)	na	1	1
- and all parents are competitors (27)	na		1
- and not all partners are competitors (27)	na	1	
Power imbalance between parents regarding the IJV management (20)			1
Level of foreign expatriates (28)	na	1	
Managerial control of foreign parent			
- and technological knowledge by this parent (28)	na		1
- and foreign-IJV product relatedness (28)	na		1
Managerial control of local parent			
- and technological knowledge by this parent (28)	na		1
- and local-IJV product relatedness (28)	na		1
<b>External Environment</b>			
<i>Economy</i>			
IJVs in developed countries (as opposed to developing countries; 24)	na	1	
Foreign partners are more likely to internalize IJVs in low-growth countries (as opposed to high-growth countries; 1)	I		<i>Supported</i>
Host country size (22)	I		1
<i>Industry and Competition</i>			
Growth of industry (9)	na		1
Growth of industry (5)	L	1	
- Short-term annual growth of industry (7)	I	1	
- Short-term annual growth of industry (7)	L		1
- Long-term growth of industry (7)	I	1	



- Long-term growth of industry (7)	L		1
Termination rate vary across industries (24)	na	1	
- IJVs within the chemical and transportation industry (as opposed to electronics manufacturing industry; 31)	na		1
- IJVs within the service-industry (as opposed to other industries; 27)	na	1	
- IJVs within the telecommunication/electronics-industry (as opposed to automotive and aerospace industry; 17)	L	1	
- IJVs within R&D intensive industry (as opposed to other industry; 1)	I	1	
- IJVs within industries where minimum efficient scale is high (5)	L	1	
Industry concentration (4, 9)	na		2
Industry concentration (7)	I	1	
Change of industry concentration (5)	L	1	
Median industry concentration (5)	L	1	
Density of IJVs in a country (31)	na	1	
Level of perceived intensity of competition (32)	L		1
Number of competing partnerships within the same industry (33)	na	1	
Number of competing partnerships within the same industry (33)	I	1	
Number of competing partnerships within the same industry (33)	L		1
Environmental conditions do not develop as originally expected and JV renegotiation not feasible due to poor relationship quality (12)	L	1	
<i>Informal institutions</i>			
Social openness (24, 31)	na	1	1
<i>Regulatory regime</i>			
Perceived complexity of governmental regulations (32)	I		1
Political openness (24, 31)	na	1	1
Political risk (22)	I		1
Extent of regulations in a host country (14)	na		1
Tax benefits (16)	na		1

IJV exit modes read as follows: *na*= no differentiation; (I)= the parent buys the stake of the other parent(s), i.e. internalization; (S)= the parent(s) sell(s) the stake to a third party; (L)= the venture is liquidated.

Factor-exit relationships read as follows: For example, the higher the structural attachment, the higher the likelihood of IJV termination. Results are indicated as follows: '+' = significantly positive correlation, '-' = significantly negative correlation, '0' = no correlation, 'supported' = empirical test supports hypothesis. We assign a '1' for any correlation, if the study identifies a significant relationship with all investigated dependent measures. Numbers in brackets stand for studies assigned to the research of IJV termination: (1) Gomes-Casseres 1987, (2) Dussauge and Garrette 1987-88, (3) Harrigan 1988, (4) Kogut 1988, (5) Kogut 1989, (6) Blodgett 1991, (7) Kogut 1991, (8) Chowdhury 1992, (9) Li 1995, (10) Nakamura et al. 1996, (11) Yamawaki 1997, (12) Arino and de la Torre 1998, (13) Makino and Beamish 1998a, (14) Makino and Beamish 1998b, (15) Hennart et

al. 1999, (16) Pan and Chi 1999, (17) Dussauge et al. 2000, (18) Lampel and Shamsie 2000, (19) Mata and Portugal 2000, (20) Steensma and Lyles 2000, (21) Delios and Beamish 2001, (22) Reuer 2002 (23) Delios and Beamish 2004, (24) Dhanaraj and Beamish 2004, (25) Lu and Hebert 2005, (26) Lu and Xu 2006, (27) Valdés-Llaneza and García-Canal 2006, (28) Xu and Lu 2006, (29) Makino et al. 2007, (30) Steensma et al. 2008, (31) Dhanaraj and Beamish 2009, (32) Puck et al. 2009, (33) Cui et al. 2011, (34) Polidoro et al. 2011.

### Appendix C: Exit factors for IJV longevity

Category	Exit mode	+	-	0
<b>Foreign Parent Attributes</b>				
<i>Constitutional characteristics</i>				
Number of other subsidiaries (10)	L		1	
<i>IJV-related strategy</i>				
IJV motive is strategic asset seeking (as opposed to resources/labor, capital and market seeking; 10)	L		1	
Changes in parent firm conditions (as opposed to changes in external conditions or interpartner relationship; 10)	L	1		
<i>Resources</i>				
Prior experience				
- with international expansion (10)	L		1	
- with international expansion in similar national culture (3)	na	1		
- with IWOS in related business (6)	na	1		
- with IWOS in same country context (developed vs. developing; 6)	na	1		
- with domestic JVs in related business (6)	na	1		
- with IJVs (6)	na			1
- with IJVs (4)	L			1
<b>Parent Attribute (not specified if foreign/local)</b>				
Size (9)	na		1	
Size (9)	I		1	
Size (9)	L			1
<b>Foreign Parent-Local Parent Fit</b>				
<i>Constitutional characteristics</i>				
Difference in parental size (7)	L			1
Difference in parental size (7)	I			1
Difference in parental age (7)	L			1
Difference in parental age (7)	I			1

Cultural distance (3, 5, 6)	<i>na</i>	2	1
Cultural distance (7, 10)	L	1	1
Cultural distance (7)	I		1
- Japanese-U.S. IJVs (as opposed to U.S.-U.S.; 7)	L	1	
- Japanese-U.S. IJVs (as opposed to U.S.-U.S.; 7)	I	1	
- Japanese-U.S. IJVs (as opposed to Japanese-Japanese; 9)	<i>na</i>		1
- Japanese-U.S. IJVs (as opposed to Japanese-Japanese; 9)	I		1
- Japanese-U.S. IJVs (as opposed to Japanese-Japanese; 9)	L		1
- U.S.-U.S. IJVs (as opposed to U.S.-foreign; 1)	<i>na</i>	1	
- associated with prior relationship with IJV partner (7)	L		1
- Differences in uncertainty avoidance (as opposed to differences in power distance, individualism and masculinity; 5)	<i>na</i>		1
- Differences in long term orientation (as opposed to differences in power distance, individualism and masculinity; 5)	<i>na</i>		1
Parents are direct competitors (7)	L		1
Parents are direct competitors (7)	I		1
Similarity of strategic scope of parents (7)	L		1
Similarity of strategic scope of parents (7)	I		1
<b>Parent-Parent Fit</b> ( <i>not specified if foreign/local</i> )			
<i>Constitutional Characteristics</i>			
Parents are in the same Keiretsu (9)	<i>na</i>	1	
Parents are in the same Keiretsu (9)	I	1	
Parents are in the same Keiretsu (9)	L		1
Formation of multiple JVs with IJV partner (4)	L		1
Formation of multiple JVs with IJV partner (4)	I		1
Related horizontal diversification between IJV parents (1)	<i>na</i>		1
Related vertical diversification between IJV parents (1)	<i>na</i>		1
<i>IJV-related Strategy</i>			
Convergence of parental strategies (9)	<i>na</i>		1
Convergence of parental strategies (9)	I	1	
Convergence of parental strategies (9)	L		1
<i>Resources</i>			
Different level of venturing experience between partners (1)	<i>na</i>		1
Different level of asset size between partners (1)	<i>na</i>		1
<b>IJV Attributes</b>			
<i>Constitutional characteristics</i>			
Size (10)	L	1	

Age (9)	<i>na</i>	1	
Age (9)	I		1
Age (9)	L	1	
- inverted U-function (4)	L		1
- inverted U-function (8)	I		1
Multiple country scope (7)	L		1
Multiple country scope (7)	I		1
Multiple product scope (7)	L		1
Multiple product scope (7)	I		1
IJVs with R&D activities (as opposed to production or marketing; 4)	I	1	
IJVs with R&D activities (as opposed to production or marketing; 4)	L		1
Integrative JV (as opposed to sequential JV; 4)	L		1
Integrative JV (as opposed to sequential JV; 4)	I		1
<i>Resources</i>			
Link alliances (as opposed to scale alliances; 8)	I	1	
Marketing link alliances (as opposed to technical link alliances; 8)	I		1
Technical link alliances (as opposed to marketing link alliances; 8)	I		1
Scale alliances involving final products (as opposed to components; 8)	<i>na</i>		1
Link alliances and scale alliances have similar duration (8)	L		<i>Supported</i>
<b>Foreign Parent-IJV Fit</b>			
<i>Constitutional characteristics</i>			
Overlap in product-market scope (7)	L		1
Overlap in product-market scope (7)	I		1
<b>Parent-IJV Fit (not specified if foreign/local)</b>			
<i>Constitutional characteristics</i>			
Related diversification of IJV (product, market, technology; 1)	<i>na</i>	1	
- horizontal diversification of IJV (1)	<i>na</i>		1
- vertical diversification of IJV (1)	<i>na</i>		1
<i>Resources</i>			
Parental contribution of technology (7)	L		1
Parental contribution of technology (7)	I		1
<b>Relationship management</b>			
<i>Conflict</i>			
Previous relationship with parents (7)	L		1
Previous relationship with parents (7)	I		1
<b>IJV Governance</b>			
<i>Ownership</i>			

Co-owned IJVs (as opposed to majority equity stakes; 2, 9)	<i>na</i>	1	1
Co-owned IJVs (as opposed to majority equity stakes; 4, 7, 9)	I	2	1
Co-owned IJVs (as opposed to majority equity stakes; 4, 7, 9)	L		1 2
Equity status (invert U function) (10)	L		1
<i>Control</i>			
Number of parents (9)	<i>na</i>		1
Number of parents (4, 9)	I		1 1
Number of parents (4, 9)	L	1	1
<b>External Environment</b>			
<i>Economy</i>			
Depreciation of foreign currency (9)	<i>na</i>		1
Depreciation of foreign currency (9)	I		1
Depreciation of foreign currency (9)	L		1
<i>Industry and Competition</i>			
Growth of industry (9)	<i>na</i>		1
Growth of industry (9)	I		1
Growth of industry (9)	L	1	
Changes in industry concentration (9)	<i>na</i>	1	
Changes in industry concentration (9)	I	1	
Changes in industry concentration (9)	L		1

IJV exit modes read as follows: *na*= no differentiation; (I)= the parent buys the stake of the other parent(s), i.e. internalization; (S)= the parent(s) sell(s) the stake to a third party; (L)= the venture is liquidated. Park and Russo (1996), Park and Ungson (1997) and Hennart and Zeng (2002) subsume the exit modes 'internalization' and 'sell to a third party' into one exit category. Since the IJV's 'sell to a third party' is practically rarely relevant (Cui et al. 2011; Steensma et al., 2008) we do not highlight this exit mode in this table.

Factor-exit relationships read as follows: For example, the higher the structural attachment, the higher the likelihood of low IJV longevity. Results are indicated as follows: '+' = significantly positive correlation, '-' = significantly negative correlation, '0' = no correlation, 'supported' = empirical test supports hypothesis. We assign a '1' for any correlation, if the study identifies a significant relationship with all investigated dependent measures. Numbers in brackets stand for studies assigned to the research of IJV longevity: (1) Harrigan 1988, (2) Chowdhury 1992, (3) Barkema et al. 1996, (4) Park and Russo 1996, (5) Barkema and Vermeulen 1997, (6) Barkema et al. 1997, (7) Park and Ungson 1997, (8) Dussauge et al. 2000, (9) Hennart and Zeng 2002, (10) Makino et al. 2007.

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