

**A LONGITUDINAL STUDY OF IJV PERFORMANCE
IN EASTERN EUROPE**

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Why do some international joint ventures (IJV) succeed while others fail? Scholars suggest that cultural differences and trust influence IJV success. Others maintain that ownership and control structures explain performance differences. Still others imply that learning and governmental actions create these differences. We use a longitudinal methodology to examine the impact of all these factors on IJV performance for a sample of Eastern/Western European IJVs. We found that culture, trust, learning, ownership, control and governments all contribute to the success or failure of IJVs.

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The decade of the 1990s has seen dramatic changes in the economic structure of east-west business relationships. With the transition of command economies to market economies, western firms have headed east at a rate unseen in the past. Because doing business in these transitional economies is different than doing business in western economies, most firms have opted for a joint venture structure to begin their eastern European operations. However, evidence from the west shows that over half of all joint ventures formed end in failure. In this study we set out to examine the factors that lead to joint venture success and failure in east-west joint venture.

Previous research has show that several factors may influence the failure or success of joint ventures. First, some scholars have found that if cultural differences are not quickly resolved, they can lead to joint venture failure. Other scholars suggest that trust needs to be developed between joint venture partners in order for the venture to succeed. Still others maintain that the ownership and control structures influence joint venture success, with majority owned ventures performing better than shared-control ventures. Finally, others imply that governmental actions influence joint venture success.

We set out to examine all of these issues and how they may be influencing joint venture performance in eastern Europe. To achieve our objective, we examined eight east-west joint ventures; four from Hungary and four from Rumania. We talked with the joint venture managers, the western firm managers and with the eastern European firm managers about their experiences during the first six years of these joint venture. We found that the most successful joint ventures (1) had changed ownership and control structures from shared to dominant, with the western firms dominating, (2) those joint ventures that addressed cultural differences quickly were more successful, (3) trust was, in most cases, slow to develop and even in the most trusting ventures, dominant control was important to achieve success, and (4) host governmental agencies had a substantial impact on venture success, sometimes helping the venture achieve success while in other cases being the direct cause of venture failure.

Based on the findings of our study, we make a set of recommendations.

Key words: Joint Venture, Performance, Trust, Culture, Learning, Key stakeholder, Ownership, Control

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For some time now, managers and academics have been struggling to determine why international joint ventures (IJV) fail to function up to expectations. In recent years, there has been a dramatic increase in the number of IJVs and the literature on IJV formation and their potential benefits have expanded, yet failure rates continue to be high (Inkpen & Beamish 1997; Park & Ungson 1997; Bleeke & Ernst 1995). Recently, three lines of research have offered promising results in describing and explaining this poor performance dilemma. First, it has been suggested that cultural differences make cooperative arrangements difficult if not impossible to execute effectively (Barkema & Vermeulen 1997). Because of cultural differences trust is difficult to achieve (Barkema, Shenkar, Vermeulen & Bell 1997; Parkhe 1991). Trust is an essential component to IJV success since it reduces transaction costs which make cooperative arrangements a viable entry alternative. It has also been suggested that large cultural differences hinder information flow and organizational learning, two key ingredients to IJV success (Barkema, Bell & Pennings 1996; Parkhe 1991).

Other researchers have suggested that the ownership and control structures of IJVs can influence the effectiveness of cooperative ventures (Lyles & Baird 1994; Geringer & Hebert 1989). These researchers maintain that control structures can hinder cooperation, impose excess administrative costs, and restrict the IJV's ability to transfer technology or learning from parent firms (Inkpen & Beamish 1997; Lyles & Baird 1994). In the end, IJVs fail to meet expectations because they cannot assimilate the required knowledge from the partner firms (Inkpen & Beamish 1997) or are restricted in their access to markets and technology (Geringer & Hebert 1989).

A third set of researchers suggest that key stakeholders may influence the ability of

IJVs to meet their targets. These researchers contend that key stakeholders influence not only the organizational structure, but also influence the activities of the IJV once in operation. Key stakeholders can hinder parent firms achieving their objectives by restricting the structural or strategic options available to the IJV (Brouthers & Bamossy 1997; Boddewyn & Brewer 1994; Murtha & Lenway 1994).

In this paper, we use a comparative case study technique to examine how culture, control structures, organizational learning, and key stakeholders affect the performance of IJVs. As recommended by Parkhe (1993), we utilize a longitudinal approach to more readily identify IJV partner actions and outcomes over an initial period of operation, and to explore how these actions and outcomes affect IJV performance. Finally, we extend research in the area of IJV performance by examining eight eastern European IJVs formed between multinational enterprises (MNEs) and state owned enterprises (SOEs). In each of these MNE/SOE IJVs we explore the changing relationships between the western MNE and eastern European SOE partner firm, as well as the continued impact of the government as key stakeholder on the IJV and on IJV performance.

THEORY

Culture and Trust

By their very nature, international joint ventures are affected by differences in national cultures (Barkema & Vermeulen 1997; Park & Ungson 1997; Barkema et al 1996). Two arguments are presented in the literature regarding culture's impact on IJV performance. First, some research suggests that cultural differences between IJV partner firms may have an adverse effect on IJV performance (Chen & Boggs 1998; Barkema et al 1997; Park & Ungson 1997; Barkema et al 1996; Parkhe 1991). Differences in culture can

(1) lead to communication problems, which hamper organizational learning, (2) increase managerial conflicts due to misunderstandings, which increase costs, (3) influence partner firm approaches to conflict resolution, which adversely impacts operations, and (4) erode the applicability of certain partner competencies, which decreases the potential benefits of cooperation (Chen & Boggs 1998; Barkema et al. 1997; Park & Ungson 1997; Parkhe 1991).

Second, some scholars suggest culture and trust are highly related (Park & Ungson 1997; Shane 1994). Trust is an important component of IJV performance because it provides for greater adaptability in an IJV, as well as improves information exchange, a key component of organizational learning and IJV success (Das & Teng 1997; Mohr & Spekman 1994). Aulakh, Kotabe and Sahay (1996) and others (Chen & Boggs 1998; Das & Teng 1997; Park & Ungson 1997) suggest that trust is important because it reduces the likelihood of opportunistic behavior, it facilitates control through a shared-value system, and it tends to increase efficiency and improve performance.

Empirical findings in these two areas are at present unclear. Barkema and Vermeulen (1997) and Barkema et al (1997) tested the cultural distance measure of trust and IJV survival for Dutch IJVs. They found no significant relationship between different levels of trust (as measured by differences in power distance¹) and IJV survival. However, Barkema and Vermeulen (1997) found that two other cultural distance measures (uncertainty avoidance and long-term orientation) were significantly associated with IJV survival, and Barkema et al (1997) found aggregate cultural distance to be significantly related to IJV survival. Further, Park and Ungson (1997) found that cultural distance (as

¹ It should be noted that Hofstede's measure of power distance can only loosely be construed as a proxy measure for trust.

measured using the Kogut & Singh formula) was related with fewer dissolutions of IJVs in U.S. IJVs. Barkema et al (1996) examined two measures of cultural distance for a sample of Dutch IJVs and found mixed results, one measure (Ronen & Shenkar) showing significant performance relationships while another measure (Kogut & Singh) was non-significant. Chen and Boggs (1998) examined both trust and cultural distance in Chinese IJVs and found that trust was related to improved perceived prospects for IJV continuation but that cultural distance decreased the perceived prospects for IJV continuation. In addition, Mohr and Spekman (1994) found trust to be related to satisfaction with profits in their sample of U.S. manufacturer/dealer dyads. Finally, Aulakh et al (1996) found no significant relationship between perceived levels of trust and IJV performance in their study of U.S. IJVs. Thus, previous research in the area of culture and trust has provided mixed results, suggesting that trust and culture are important components of IJV success but leaving the exact relationship unclear.

Organizational Learning

Organizational learning has been found to be a driving force behind the formation of many of today's IJVs (Lane & Lubatkin 1998; Parkhe 1991; Hamel 1991). Scholars suggest that IJVs are formed because partner firms have different skills and abilities and have needs that cannot be met internally. Through the formation of an IJV, partner firms attempt to obtain the needed knowledge/resources, at a cost lower than can be obtained through internalization or external markets (Inkpen & Beamish 1997). The continued success of an IJV is predicated on the equal learning of both partners so that the bargaining power of each does not change (Inkpen & Beamish 1997; Yan & Gray 1994; Hamel 1991).

However, empirical studies have shown that in many IJVs asymmetric learning may

occur and is one of the major causes of IJV failure (Inkpen & Beamish 1997; Parkhe 1991; Hamel 1991). Barkema, Shenkar, Vermeulen and Bell (1997) suggest that asymmetric learning may occur because of differences in IJV experience. Partner firms with more IJV experience may have developed systems for improved learning, thus assimilating information faster than partner firms with little or no experience. Further, Lane and Lubatkin (1998) suggest that asymmetric learning may occur because of differences in relative absorptive capacity. They found that a firm's ability to recognize, value, assimilate, and apply new external knowledge is dependent on the characteristics (similarities) between the partner firms.

Parkhe (1991) suggests that there are two types of learning in an IJV. Type I learning, which may improve the long-term survival of the IJV, involves the learning of partner strengths and capabilities. This learning involves the equal exchange of partner related benefits and thus increases the chances of further cooperation. Type II learning exists when one of the partner firms has little or no IJV experience and must learn to cooperate. This type learning may create the situation where one (the more experienced) partner learns (Type I learning) at a much faster rate than the other (less experienced) firm. This creates a situation where the experienced firm quickly learns all it needs and terminates the IJV. Thus, scholars like Parkhe (1991) Barkema et al (1997), Hamel (1991) and Lane and Lubatkin (1998) suggest that IJV success may be dependent on co-equal interorganizational learning.

Ownership and Control

Scholars suggest that ownership and control structures can influence IJV performance because they enable the IJV to exploit parent firm competitive advantages as

well as provide safeguards to parent firms against the loss of individual competitive advantage, thus increasing parent firm cooperation (Kumar & Seth, 1998; Yan & Gray 1994; Lyles & Baird 1994; Geringer & Hebert 1989). Because IJVs involve several stakeholders (the partner firms as well as the host government), the venture must be "designed and managed so that each of the stakeholders perceives that its objectives will be attained" (Geringer & Frayne 1990, pp. 106).

Geringer and Hebert (1989, pp. 245) state that "the relationship between dominant control and IJV performance appears to be far more complex" than scholars first suggested. For example, Beamish and Banks (1987) review several studies that examine control and performance of IJVs. Research in developed countries tends to indicate that IJV success requires one of the partners to have dominant control of the IJV. However, in LDCs shared control IJVs tend to perform best.

A number of components of IJV control have been identified which may impact performance: scope, extent and mechanisms (Yan & Gray 1994; Geringer & Hebert 1989). Scope of control refers to the areas of the IJV in which control is exercised. Extent of control represents the degree to which each parent exercises control. Mechanisms of control specify the means by which each parent exercises control.

Kumar and Seth (1998) identify six control mechanisms that can help improve IJV performance. These mechanisms include: (1) the amount and type of direct contact between IJV and parent firm personnel, (2) the role of the IJV board of directors, (3) socialization of IJV management, (4) incentive plans, (5) structure of IJV board of directors, and (6) staffing of top IJV positions.

Lyles and Baird (1994) examined sixty small and medium sized Hungarian and Polish IJVs. They found significant relationships between several control mechanisms and

several subjective measures of IJV performance. Further, Yan and Gray (1994) identified several management control mechanisms in four Chinese IJVs and found that IJV performance appeared to be related to IJV control. In sum, studies consistently show that ownership and control structures have a significant impact on IJV performance.

Key Stakeholder Influence

Boddewyn and Brewer (1994) suggest that the literature in International Business and Strategic Management is deficient in examining the impact of government on IJVs. Here, we use key stakeholder theory to examine the impact of central and eastern European (CEE) host governments on MNE/SOE IJV performance. Key stakeholder theory contends that CEE governments/agencies can influence the strategy and structure of an IJV and, thereby, influence IJV performance. Brouthers and Bamossy (1997) found that CEE key stakeholders had a significant direct and indirect influence on the organizational structure of newly formed MNE/SOE joint ventures. Other scholars have noted the important impact governments/governmental agencies may have on firm strategy and performance (Lynton 1998; Boddewyn & Brewer 1994; Peng & Heath 1996; Murtha & Lenway 1994). For example, Lynton (1998, pp. 6) found that the Chinese government can influence "policies, planning, import and export, and cost and return on profit" for western/Chinese IJVs. Boddewyn and Brewer (1994) suggest that States can create or minimize "unnatural market imperfections," which in turn create opportunities/costs for businesses. Through their political power, States can interfere "with the allocation of scarce economic resources" (Boddewyn & Brewer 1994, pp. 126). Boddewyn and Brewer suggest that States can influence international business behavior through regulation and property rights. Finally, they suggest that firms need to actively manage these State activities, as best they can.

Using institutional theory, Peng and Heath (1996) explain the direct and indirect impact of transitional economy governments on the current and future activities of transitional economy based businesses. Peng and Heath suggest that the institutional framework that exists in transitional based economies has a direct and indirect influence on the strategies/structures that firms choose. They also note that over time transitional economy State influence may decrease.

Murtha and Lenway (1994) suggest that governments obtain their ability to influence firm strategy and structure because they control three key strategic capabilities: authority, markets and property rights. Governments can use their authority over enterprises to directly and indirectly influence strategy and structure, for example, by appointing SOE venture managers and participating on MNE/SOE IJV boards of directors. Transitional economy governments may also impact IJVs through markets which can have varying degrees of openness (free-market) or control (closed-market). Finally, property rights, nonexistent under command economies, are in many CEE countries still not clear, thus providing State functionaries the opportunity to influence IJV activities. It appears that key stakeholders, transitional economy based governments, can have a significant impact on the strategy and structure of IJVs and subsequently on their performance.

METHODOLOGY

Parkhe (1993, pp. 234) suggests that a longitudinal approach is most effective to examine "changes in the nature of the relationship and hence of the partnership structure." A comparative case study technique (Yan & Gray 1994) was used to examine the issues raised in this paper. The cases were originally examined by Brouthers and Bamossy (1997), and include eight eastern European IJVs formed between multinational enterprises

(MNEs) and state owned enterprises (SOEs).

Case Protocol

As Yin (1992) suggests, a detailed case protocol was developed based on a thorough literature review. The protocol contained five parts: culture and trust, ownership and control, organizational learning, key stakeholder influence, and performance. Each section contained multiple questions developed from previous studies (see appendix for protocol questions).

IJV Performance

IJV performance remains a difficult item to measure (Glaister & Buckley 1998; Yan & Gray 1994; Anderson 1990). Geringer and Hebert (1989, pp. 245) state that "no consensus on the appropriate definition of IJV performance has yet emerged." Financial measures of IJV performance may be misleading because the IJV may not have been formed to generate financial gains, such as R&D IJVs (Glaister & Buckley 1998; Geringer & Hebert 1989; Anderson 1990), or because of timing differences, financial performance lags start-up (Glaister & Buckley 1998; Lyles & Baird 1994; Anderson 1990).

The most widely used objective measure of IJV success/failure is IJV changes-in-ownership (Glaister & Buckley 1998; Barkema & Vermeulen 1997; Barkema et al 1997; Park & Ungson 1997; Barkema et al 1996; Geringer & Hebert 1991). Most scholars have suggested that changes-in-ownership, such as termination (dissolution) or acquisition of an IJV, signifies failure of the IJV. However, other scholars have suggested that the "Trojan horse" strategy of IJV formation means that termination of an IJV through acquisition (by a partner) is actually a measure of IJV success (Hennart, Roehl & Zietlow 1999; Lane &

Lubatkin 1998; Bleeke & Ernst 1995; Yan & Gray 1994; Hamel 1991). This line of research maintains that IJV formation represents an intermediate step to full-ownership and control. MNEs may pursue this "trojan horse" strategy because of host country governmental pressures, the desire to obtain quick market access or obtain brand names, or to learn a new capability (Hennart et al 1999; Yan & Gray 1994; Hamel 1991). No matter the reason behind the move, "trojan horse" motivated IJVs that end with acquisition, may in reality be successful IJVs, from the dominant partner's perspective (Park & Ungson 1997; Geringer & Hebert 1989). However, at the present time empirical support for the "trojan horse" strategy is weak (see Hennart et al 1999), and so most scholars still maintain that changes-in-ownership reflect IJV failure.

Subjective measures of IJV performance have also been widely used (Aulakh et al 1996; Yan & Gary 1994; Lyles & Baird 1994; Parkhe 1993; Geringer & Hebert 1989). Researchers have found that subjective measures of performance, such as satisfaction with overall performance, partner firm's satisfaction with performance, and IJV manager satisfaction with performance, are highly correlated with objective measures, for instance survival, change-in-ownership, or duration (Dess & Robinson 1984), especially for IJVs (Glaister & Buckley 1998; Geringer & Hebert 1991).

In this study we used change-in-ownership as an objective measure of IJV performance, and we also employed several subjective measures. Following the work of Yan and Gray (1994), Lyles and Baird (1994) and Parkhe (1993), we adopted a multidimensional measure of IJV performance. We incorporate multiple subjective measures and obtained performance measures from multiple players in each IJV (Osland & Cavusgil 1998; Geringer & Hebert 1991). Specifically, we asked managers to rate performance, on a scale of 1 to 7, "how successful has this JV been in achieving (1) your

firm's goals and objectives?, (2) your partner's goals and objectives? (3) the key stakeholder's goals and objectives? (4) the IJV's goals and objectives? (5) Compared to other JVs in which you have been involved, how would this JV rank? (6) Compared to other firms in your industry, how successful has this JV been?"

Data Collection

Prior to the interviews, each company was sent a letter from the authors stating the objectives of the study and requesting cooperation. In addition, two research assistants were trained in case interview techniques and the specific case protocol. One of the assistants did all the Rumanian, Dutch, Belgium, and French interviews, while the other assistant did the Hungarian interviews. All interviews took place between October 1998 and February 1999. Interviews were tape recorded and then transcribed (and translated into english) by the responsible assistant. Interviews lasted from 1 to 2 hours. Follow-up questions were made through telephone contact.

To provide a more accurate understanding of the performance of each of the eight IJVs, multiple interviews were conducted with key informants from the participating organizations (Lyles & Baird 1994; Kumar, Stern & Anderson, 1993). For the most part, interviews were taken with the managing director of the IJV as well as with the western MNE partner firm manager in charge of the specific IJV operation. Where possible, interviews were also taken with the managing director of the eastern European (SOE) partner firm (see Table 1 for case and interview listing). Osland and Cavusgil (1998) found that the use of multiple respondents was essential in IJV performance related studies to reduce the chances of obtaining incomplete or misleading information.

Insert Table 1 Here

FINDINGS

Culture and Trust

As the literature suggests, culture and trust issues may impact IJV performance, but the exact nature of the impact is difficult to assess. For the IJVs included in this study, the most widely cited cultural barrier to success, mentioned in every case, was language. For example, in the Wavin/Pemu IJV language was a barrier to success in the beginning. A large scale language training course was given to all Hungarian workers/managers to teach them English and resolve this communication problem. Besides language, cultural issues included differences in work ethic, management styles, customer orientation, gender roles, and ethical standards.

Work ethic and management style differences were the two most widely mentioned differences, after language. Both these appeared to stem from the previous communist work system where managers and employees tended to have low productivity and life-time employment. Westernized firms were quick to implement productivity related pay schemes and termination of employment for those that could not adjust. For several firms (especially the consumer goods firms) obtaining a customer orientation proved to be a difficult task. For example, Aegon/AB had to shift their employment of about 5000 people from thirty percent in sales and marketing to seventy percent. Sara Lee/DE/Compack also had to work on customer relations and quality control. SHV found that changing managerial and employee attitudes toward customers (i.e. bringing in a customer orientation) was one of the most important cultural challenges it had to face in Hungary.

Further, in one case the western partner firm mentioned the different role played by women in CEE. For this company women played a more important managerial role in Hungary than in the Netherlands. In fact, this IJV had women filling the roles of the two top IJV executives. Lastly, different ethical standards were mentioned in a few of the cases. CEE workers were often characterized as "trying to get as much as they can for themselves at the expense of the company." IN at least one IJV, these ethical differences lead to the termination of employment for several managers for stealing from the company.

Western partners tended to take the initiative to reduce cultural differences by (1) learning the local language, (2) bringing CEE nationals to western Europe for training, (3) sending western nationals to CEE for training, and (4) teaching CEE nationals english to facilitate communication. In addition, several of the western managers stressed the importance of spending non-business hours with CEE nationals to more fully appreciate their culture. Other IJVs trained CEE nationals to use western management, marketing, and finance systems. Firms that utilized these techniques from the beginning of the IJV appear to be more satisfied now with the results of the venture, except for Shell.

Trust also appears to have played and continues to play an important role in the IJVs examined in this study. The Interbrew/Bianca IJV manager put it succinctly when he said "it is necessary to first give trust. only after this one may receive it back." However, the western SHV partner tended to voice the concerns of western investors when he said that "trust builds with experience." In the beginning, trust was not easily given by parties on either side of the IJV. However, over time CEE partner and IJV manager trust of the western partner began to develop because the western partner firms "did what they said they would do." For example, the CEE partner in the Shell IJV noted their surprise when an oil transport tube broke. Shell investigated and found that it was the fault of a western

firm, not the Rumanians. This surprised and pleased the Rumanians because it showed that Shell was objective and did not pass the blame easily to Romanian workers.

Showing a "sense of commitment" to having the IJV succeed was one of the themes in our personal interview data. For example, in the RONEDA IJV, an IJV that sells milk products to the McDonalds chain in Rumania, when some important financial difficulties developed between McDonalds and the IJV, the western partner flew to Rumania and then to Vienna to resolve these issues and help assure the continued success of the IJV. This showed the CEE partner and IJV manager how much the western partner was committed to having the IJV work.

Probably the clearest behavior of western firms to achieve increased trust of IJV and CEE partner firms was to put CEE locals in as managers. For example, in the Alcatel/Datetim IJV, the Alcatel manager felt that there was a low level of trust at the beginning, but trust quickly developed so that after only 2 years of operation all French managers were removed and Rumanians were put in charge of everything. Alcatel also provided the latest technology and used its brand names, actions which further confirmed the Rumanian's trust in Alcatel. However, this approach backfired for Sara Lee/DE in Hungary. They began with local managers in charge and after 3 years of poor results had to replace these with western managers. Sara Lee/DE believes it will still be a number of years before local management will be completely running the IJV organization. Four of the IJVs in this study now have local (CEE) managers.

In two of the ventures, trust was reported as being present from the beginning. In Aegon/AB high initial trust levels were based on the skills and knowledge of the local managers who were retained to run the IJV. Sara Lee/DE on the other hand used locals in Rumania and found they did not have the skills needed to be successful, and they found

older workers were unwilling to change. Thus, in certain situations trust appears to be relatively high at the start of the IJV although this may not result in improved IJV performance.

CEE partner firms also undertook actions to increase trust on the part of western partner firms. For example, Datatim, the Rumanian partner to Alcatel, undertook the refurbishment of offices for the IJV without having any certainty about future profits. This helped assure that the IJV could get a fast start. In addition, Datatim provided highly qualified personnel for the venture, many of whom have become important employees of Alcatel in other countries. Despite these actions, in most cases trust of CEE nationals was slow to develop and appears to be restricted to younger CEE nationals, the older generation is not trusted by the west.

Not all ventures were able to develop a trustful relationship or atmosphere. For example, in one of the ventures there appears to be a high level of mistrust between the CEE partner and the western partner firm. The CEE partner feels that their only control mechanism is through board membership and action, yet the western partner and IJV manager tend to take action outside the board. For example, investment decisions have been made by the IJV manager and only confirmed by the board later. In addition, the CEE partner asserts that certain expenses pertaining to other operations have been paid for through the IJV. Consequently, the CEE partner feels that they are being treated unfairly, not respected, and they expressed a low level of trust in the western partner firm. This mistrust continues to cause problems in managing the operation and may result in a lawsuit. Many western partners and JV managers still feel that "control is better than trust." This is exemplified in the two IJVs where the western partner firms have now taken complete control, through total equity ownership.

In these eight cases of MNE/SOE IJVs we noted that culture and trust tended to play an important role in the functioning of the IJVs. In general, we found that the quicker cultural differences are resolved and trust established, the quicker the IJV could proceed with its assigned task. However, many times control was substituted for trust in these IJVs. It appears that IJVs function more efficiently and effectively when cultural differences within the IJV are minimized and when trust and or control is established.

Insert Tables 2 & 3 Here

Organizational Learning

Companies often mention organizational learning as a reason and outcome for forming IJVs, and our case studies are no exception. The most common learning objective was gaining local knowledge for western firms and technology/management skills for CEE firms. For example, the CEE partner to Shell was interested in learning western management, finance, and "fair-play" necessary to succeed in the new market economy. In addition, Shell was interested in learning how to work with the Rumanian government. Wavin was also interested in learning to start/run a CEE operation and has used their knowledge to expand to other CEE countries. The CEE partner to Alcatel was interested in new technology and western management which they obtained from their western partner. Further, the CEE partner in the SHV case was interested in learning western marketing/management techniques as well as improving their technology. CEE learning continues to take place in many of these ventures including SHV where learning is aided through quarterly European-wide management and technical meetings and in the Alcatel IJV, when new technology is needed the French come to Rumania and teach the locals.

In the other IJVs, while learning certainly took place, it was usually the normal transfer of information that is required to manage a jointly owned operation. For example, Bianca, the Romanian beer brewer, recognized that they had learned better brewing technology from their western partner, which helped the IJV succeed. In addition, their western partner, Interbrew, learned how to set up a new operation and make it profitable from the start. In the RONEDA IJV, the CEE partner learned modern farming/milk production technology, while the western partner learned how to do business in Rumania.

While organizational learning was not the driving force behind the formation of the MNE/SOE IJVs included in this study, learning has occurred on both sides of the partnerships which both partners agree have helped the IJVs succeed. Thus, organizational learning appears to be a necessary, but not sufficient, requirement of IJV success.

Ownership and Control

Previous scholarship has suggested that ownership and control structures have a significant influence on IJV performance. Most of the IJVs in our study experienced ownership changes. In two cases (Interbrew and SHV) ownership changes resulted in the CEE partner firms decreasing their ownership or dispersing it on the open stock market. In two other cases (Aegon and Sara Lee/DE) the western partners obtained full equity control of the venture. In the Alcatel/Datatim IJV, Alcatel purchased 51% of Datatim when Datatim was privatized. The Shell IJV was terminated because of lack of results and key stakeholder restrictions on expansion. And in two cases (Wavin and RONEDA) ownership did not change. Thus, ownership does not appear to be stable for these MNE/SOE IJVs.

These shifts in ownership structure tended to coincide with a shift in control and control scope, extent, and mechanisms. The extent of control tended to move from shared

to dominant control, with the western partner dominating in all the cases. The scope of control was also increased by western firms who shaped the IJV organizational structure, personnel policies, and dominant logic to reflect the western partner firm. Finally, several control mechanisms were utilized. Despite western firm domination, in many cases IJV management was given to CEE nationals. Further, board control was maintained or strengthened by western MNEs, although some CEE participation continued.

Thus, for the cases in this study, ownership and control tended to shift to the western partner firms, leaving the CEE firms with little voice in the venture or as fully absorbed parts of the western firm. In most cases western partners appear to have achieved their original objectives of gaining control (and sometimes 100% equity ownership) of the ventures. In only two cases (Alcatel and RONEDA) did we find the CEE partners retaining any type of control.

Compared to the initial negotiated position of the firms, substantial changes have occurred. Initially, SOEs controlled the staffing/HRM policies in five of the eight ventures and shared control in the sixth venture. Currently, the MNE has either staffing/HRM control or control rests with the IJV managers. Second, as noted previously, MNEs now control all appointments to venture management. Third, changes in equity ownership have negatively influenced SOE control by either (1) reducing SOE equity ownership, (2) dispersing SOE equity to the public or, (3) having the MNE acquire controlling interest in the SOE. Further, changes in board make-up have reduced SOE control, as has the exercise of MNE buy-out clauses and termination of short-term contractual restriction, put in the original agreements. In general, MNEs have appeared to achieve their original goal of IJV control and in several cases complete ownership.

Key Stakeholder Influence

Despite earlier research indicating that key stakeholders play an important role in IJV formation and may influence IJV activities, we found mixed evidence of key stakeholder influence and interest. In many of the cases, the key stakeholder simply treated the IJV as any other firm in the respective industry, no better no worse. Even for those firms that had major ownership changes, reduced levels of employment, and adopted western business philosophies, the key stakeholder appears to have shown little interest. We did identify five examples of direct/indirect key stakeholder influence.

The most extensive key stakeholder influence was identified in the Alcatel IJV, where the main customer of the IJV is a SOE, a condition which produced a strong influence on the price and conditions of sale. Also in the Alcatel IJV, the State has protected 40% of the market for the IJV while allowing only 20% of the market to be free for competition. Third, this venture benefited from a 5-year tax relief plan, which is now over. The Wavin IJV also experienced direct/indirect key stakeholder influence since their main customers are local, regional, and national governmental agencies. In this IJV, budget allocations had a major impact on sales because customers rely on government funding. In the SHV case, key stakeholder influence impacted not only the LPG gas business of SHV but also competitive products such as natural gas and light heating oil. For example, the Hungarian monopolies commission has final say over any SHV price increases, this control can tend to dampen profits, as in 1998 when no increase in prices was approved. In addition, privatizing the light heating oil and natural gas markets means that LPG gas prices will become more competitive, because the government will reduce or eliminate subsidies to competing fuels. Finally, SHV has found that certain local governments will provide subsidies for LPG gas distribution, especially in more remote

areas of the country. In the SHV case, key stakeholder influence had both a positive and negative influence on the IJV.

Key stakeholder influence also appeared in the Shell IJV, where the government stopped Shell from expanding its venture to other properties in Rumania. This key stakeholder influence eventually lead to termination of the venture. In the Interbrew case, local governmental officials tended to try and use their influence to get friends and relatives jobs at the IJV. This they thought would allow them some continued influence over the firm. However, the new IJV managing director has put a stop to this practice. Despite these examples, in several cases key stakeholder influence was not considered by the managers as having a major impact.

Hence, the evidence appears to provide mixed support for the concept of key stakeholder influence on the continued operations of IJVs in CEE countries. In several cases this influence appears to benefit the IJV, for example in the Alcatel case where 40% of the market is protected from competition. In other cases, key stakeholder influence was one of the major causes of poor IJV performance, ending in IJV termination for the Shell venture. Finally, in some cases no direct/indirect key stakeholder influence was noted.

Performance

This study attempted to assess both objective and subjective measures of IJV performance. The objective measure -- changes-in-ownership -- appears to have impacted five of the eight IJVs (see Tables 2 and 3 for details). Of these five, one was terminated, two resulted in MNE buyouts, and in two cases all or part of the SOE's shares were sold to third parties. Thus, according to past studies of IJV performance, five of our eight IJVs would be considered failures.

For the subjective measures of performance, we asked each interviewee to provide their perceptions of IJV performance for (1) the two partner firms, (2) the IJV, (3) the government, and (4) compared to other IJVs and other firms in their industry. The results provide some interesting findings (see Table 4). We begin our discussion of subjective measures of performance by examining average scores. Average scores were calculated by taking the responses provided by the IJV and MNE managers (and the SOE manager where available) for each of the six subjective performance measures, adding these values together and then dividing by the number of responses. Based on these average scores, the IJVs that were least successful in achieving the western firm's objectives were the two Rumanian IJVs, Shell and RONEDA. These were also the least successful in meeting CEE partner firm objectives and in meeting key stakeholder objectives. The most successful IJVs in these three areas were SHV, Alcatel and Aegon for western firms. Alcatel, SHV, Aegon and Wavin for CEE firms, and Interbrew in meeting key stakeholder objectives. On average, SHV, Alcatel and Sara Lee were the most successful compared with other IJVs and SHV, Alcatel, Aegon and Sara Lee were most successful compared to other firms in the industry.

Insert Table 4 Here

However, these averages hide some important differences in opinion. In those IJVs where a CEE partner firm still existed, their ratings appear to be on average one point higher than either the IJV manager or western firm manager ratings on each of the subjective measures. Further, IJV managers tended to rate western firm success higher than did western firm managers. With the exception of the Shell case and the differences outlined above, CEE, IJV, and western firm managers' subjective ratings appear to be

fairly consistent.

With the exception of the Shell and RONEDA IJVs, all the other IJVs rated their performance, on average, as five or above (on a seven point scale). Unlike the objective measures of performance which indicated that only three of the IJVs were successful, the subjective measures of performance tend to suggest that six of the eight IJVs examined in this study are successful.

CONCLUSIONS, DISCUSSION AND IMPLICATIONS

In recent years, joint ventures have come to play an increasingly important role in business, especially international business. Yet, managers and scholars are only beginning to understand what leads to IJV success. In this study we hope to contribute to that knowledge base by taking a multi-theoretical perspective of IJV performance and investigating the longitudinal impact of organizational learning, culture and trust, organizational structure and control, and key stakeholder influence. By examining these variables over time, we attempt to identify changes that may not be noticeable in static survey based or case methodologies. In addition, by examining IJVs between western European MNEs and eastern European SOEs we attempt to provide an extension of existing knowledge to the transitional economies of central and eastern Europe.

The results of our study tend to suggest that at the beginning of the IJV all parties recognize culture as the most obvious potential road block to IJV success. At that time, cultural differences, especially language and work ethic, need to be quickly identified and actions taken to resolved the differences. These issues, tend to be most often addressed with concentrated training programs. Second, we found that trust and control are important and related components of IJV success. As suggested by McKnight, Cummings and

Chervany (1998), while trust can grow during an IJV relationship, trust can exist at the beginning of an IJV given the right circumstances. We found support for a number of McKnight et al.'s (1998) propositions. For example, we found actions of the participants can influence trust levels. We found examples of both increasing and decreasing trust levels over the six years these IJVs have existed. Importantly, we found that in all trust related discussions, control was also mentioned. Even in situations where trust levels were high in the early stages of the IJV, the western partner firms stressed the importance of tight controls. This lack of control may help explain the poor performance for the Sara Lee/DE IJV in the first few years. It does not appear that trust alone or control alone is sufficient to achieve IJV success. Both trust and control need to be present to increase the likelihood of success.

While all parties agreed that organizational learning occurred in several areas of business activity and seems to be a natural part of cooperation, few of the managers interviewed expressed the importance of learning as a central part of the IJVs. Thus, learning as a component of IJV performance may only be applicable to those ventures in which the parties are pursuing expressed learning objectives. In ventures where market access appears to be a primary driver, organizational learning occurs but does not appear to play an important role in explaining venture success.

As we stated earlier, control does appear to play a key role in the success of the IJVs in this study. In most of the cases examined, control and the control structures/mechanisms used by western MNE partners assured these partners of IJV success. Control for these successful IJVs tends to mean dominant partner control. Control included the modification/introduction of western partner organizational structures, personnel policies and dominant logic. Thus, control was achieved through multiple

mechanisms to help assure compliance with western partner objectives.

Ownership structures, while not being directly related to control, also appear to be important to these firms. In the most successful IJVs (based on overall subjective performance averages) ownership was either completely acquired by the western partner (Aegon and Sara Lee/DE) or was strongly controlled by the western partner (SHV). Contrary to this, in the least successful (based on overall averages) IJVs (RONEDA and Shell) the western partners only held a 51% majority of ownership. Thus, ownership may help a partner firm achieve greater control, which in turn, appears to help the IJV achieve superior performance.

Finally, our results tend to indicate that key stakeholders continue to influence IJV activities, and thus influence performance long after the IJV was negotiated. We found several cases where the key stakeholder had direct influence on IJV performance because of its continued role as key customer. In addition, in at least one case we found key stakeholder influence helping IJV performance by giving the IJV preferential treatment on taxes and market access (competition). Thus, key stakeholders continue to play a role in many CEE IJVs.

Inter-country Differences

In addition to identifying inter-case differences and similarities, we noted several important inter-country differences. Originally we chose to examine MNE/SOE IJVs in Rumania and Hungary because these two countries represent extremes in the change from command-economy to market-economy in central and eastern Europe. Hungary began with an economic advantage, and has quickly privatized almost 100% of its SOEs (EBRD 1996). Per capita GDP has risen in Hungary from \$3179 in 1990 to \$4343 in 1996

(EBRD 1997). In contrast, Rumania was one of the least economically developed CEE countries under communist rule. Per capita GDP has actually decreased from \$1649 in 1990 to only \$1437 in 1996 (EBRD 1997). Further, Rumania has been slower in privatizing and converting its economy to free-market capitalism, with only about 50% of its SOEs privatized at this point (EBRD 1996). Hence, the SOE/MNE IJVs in these two countries face very different economic, political and social environments.

Furthermore, IJV privatization systems tend to differ between these two countries, which may impact IJV performance. In our Hungarian cases, IJV privatization takes place between the investing firm (MNE) and the State. The SOE becomes the IJV and thus, no separate SOE entity exists once the IJV is negotiated. In Hungary, the IJV is formed between the MNE and the State. In Rumania IJV privatization follows a very different structure and process. In Rumanian IJVs, a new entity is created at the time of the IJV negotiation process, with the partners being the investing MNE and the investing SOE. The SOE is not fully absorbed into the IJV, as is the case in Hungary, but merely contributes certain assets, personnel, etc. to a newly created entity. Thus, IJVs in these two countries face very different privatization processes and privatization structures.

Based on the objective measure of performance (changes-in-ownership), we would argue that the IJVs in Rumania are more successful than those in Hungary. In Rumania, one IJV was terminated, in one IJV the CEE ownership share was decreased but Western equity ownership did not change, and in the other two IJVs equity ownership did not change. In contrast, in Hungary both State and MNE equity ownership changed in three of the four IJVs. It appears that in Rumania Western ownership percentages remained constant except in the one terminated IJV, while in Hungary, Western ownership was increased to between 65% and 100% equity in the three IJVs where the Western partner

originally only had a slim (51%) ownership advantage at the start.

Looking at these country differences based on the subjective performance measures provides a very different understanding of events. The subjective measures of success show Hungarian IJVs tended to be more successful, more highly rated, than the Rumanian IJVs. The two lowest rated IJVs were in Rumania, while Hungary contained three of the top four rated IJVs. In addition, all of the IJVs in Hungary were rated on average 5.0 or above while only two of the Rumanian IJVs reach this "good" performance mark. Hence, based on subjective evaluation of IJV performance, Hungarian IJVs perform better and more consistently than do Rumanian MNE/SOE IJVs.

Thus, these differences in economic, social, political, and privatization processes may account for the differences in performance of the MNE/SOE IJVs in this study. In general, Hungarian IJVs tend to have dominant western MNE control and be more successful, both in creating new jobs and providing economically profitable organizations. Rumanian IJVs tend to retain much of the previous State influence through continued SOE ownership and shared-control, and tend to be less successful as compared to Hungarian IJVs. While further research is necessary, it may be that differences in the privatization processes create or accentuate environmental differences which can either improve (as in the case of Hungarian IJVs) or hamper (as in the case of Rumanian IJVs) the performance of international joint ventures.

Implications

This study has implications for managers, academic scholars, and public policy makers interested in IJV performance. First, from a managerial stand-point, western firms need to take a stronger stance toward ownership and control from the beginning of CEE

IJVs. Our results indicate that with dominant western control, IJV success was easier to achieve. Further, dominant control and dominant ownership seemed to ease the transition of the eastern European firms to more quickly adopt western free-market business practices. Thus, western managers can concentrate on control and ownership issues during the negotiation stage to improve IJV performance in the future.

Second, the finding related to key stakeholder influence would tend to suggest that as Boddewyn and Brewer (1994) stated, firms involved in IJVs must take an active role in trying to influence key stakeholder decisions. While in western economies, such as the U.S., firm and industry lobbying of governmental representatives and agencies is a long established roll in business, for transitional economies lobbying and related information functions need to be developed.

In addition, our findings related to culture and trust suggest that western firms can and do take the initiative and provide training from the beginning of the IJV in both language skills and western business practices. These training investments appear to provide quick rewards to the IJV in performance improvement. Further, through formal training and informal social time, western partner firms can help develop trust which increases IJV performance. With a greater understanding of CEE cultural and business practices western partner firms can also develop a more trusting attitude and more appropriately implement controls where needed. As the Aegon case exemplifies, correctly attributed trust at the beginning of the IJV can lead to faster changes in the organization which result in employee satisfaction and performance improvements.

For CEE public policy makers our findings also have important implications. First, when developing the initial IJV it may prove to be more productive to allow the western partners to acquire a larger share of the IJV than was previously the government's

objective. This dominant share will allow the western firm to gain control at an early stage which appears to be related to improved IJV performance. Improved IJV performance will benefit the CEE governments by (1) assuring continued and increased employment, (2) providing increased tax revenue, and (3) decreasing SOE dependence on governmental subsidies.

Second, CEE governments need to be aware of a potential long-term problem which is accentuated by western/CEE IJVs. While successful western investment can be encouraged, our cases consistently note that the older worker is unable or unwilling to adjust to the free-market method of work. These older workers tend to be the first to be terminated in IJVs, even those IJVs that increase overall employment. The CEE governments have several options for handling this problem. First, they can provide extensive retraining programs to try and get some of these older workers to accept the new work ethic, although changing attitudes toward work may be difficult to achieve. Second, they can continue to subsidize otherwise unprofitable SOEs which employ these rejected workers. Third, they can develop and provide an early retirement system to take care of these workers until they reach full retirement age.

Furthermore, our inter-country case analysis tends to indicate that privatization through IJV formation which fully absorb the SOE tend to have great performance than those privatization schemes where IJV formation takes place with the SOE as a separate partner. Hence, CEE governments may want to rethink their IJV privatization strategies and adopt those strategies that tend to provide faster economic benefits to the organization, usually at the expense of giving up control.

Finally, the findings have implications for researchers. First, for learning organization researchers, transitional economy based IJVs are not necessarily the best

location to study learning practices. Although organizational learning takes place in all IJVs, learning does not appear to influence IJV performance for these mostly market access based IJVs. Second, the question of IJV performance needs a more concentrated research effort. In this study we used several measures of IJV success, which lead to different perspectives and tentative conclusions about IJV performance. Most obvious among the differences was that the objective measure of performance (changes-in-ownership) showed that only three of the IJVs were successful, while the subjective measures of IJV performance would suggest that six of the IJVs were successful. After extensive discussions with the participants, it is obvious that most of the IJVs in this study should be considered successful. In fact, many of the IJVs that experienced changes-in-ownership did so to achieve improved performance for all involved. Hence, at least in certain situations, IJV changes-in-ownership may not represent an IJV failure as many scholars have previously suggested, but changes-in-ownership may actually represent part of the process of IJV performance improvement. Further research addressing this important question may help clarify where and when IJV changes-in-ownership should be considered a failure and when these changes should be considered a success. Hence, researchers can provide a much needed addition to IJV scholarship by examining the performance measurement implications of changes-in-ownership.

In conclusion, this study helps pull together several explanations of IJV performance and extends IJV performance research to CEE locations. Our findings tend to confirm several lines of previous scholarship, including the importance of: (1) resolving cultural issues; (2) addressing trust and its relationship with control; (3) striving for a proactive set of conditions relating to control and ownership in IJV formation; and (4) how host governments as key stakeholders can influence IJV performance.

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Table 1
Case Industries, Interviews and Age

Case	Venture Industry	East European Manager	Venture Manager	Western Manager	Venture Age
Romania					
1. Van der Ploeg/Ag.	Milk production	Yes	Yes	Yes	5 years
2. Shell/Rompotrol	Oil exploration	Yes	No ¹	Yes	-
3. Interbrew/Bianca	Beer Brewing	Yes	Yes	Yes	4 years
4. Alcatel/Datetim	Telecommunications	Yes	Yes	Yes	7 years
Hungary					
5. Aegon/AB	Insurance	No ²	Yes	Yes	6 years
6. Sara Lee/Compack	Coffee/Tea	No ²	Yes	Yes	7 years
7. Wavin/Pemu	Pipe production	No ^{2,3}	Yes	Yes	6 years
8. SIV/OKGP	LPG distribution	No ^{2,4}	Yes	Yes	6 years

¹ Venture discontinued

² Eastern European partner fully absorbed into Venture

³ The partner firm is an Investment Bank with no active participation in the venture.

⁴ The State shares were sold to the public on the Hungarian Stock Exchange.

Table 2
Longitudinal Characteristics - Rumania

Case	Culture	Trust	Learning	Control/Structure	Key Stakeholder	Ownership
1	Language -English Train/Exch. Mgt. style Work ethic	Trust grew with -performance -West involvement -Frequent contact	No objectives -West CEE business -CEE tech, Mgt	Shared but BOD-equal CEE manager	None	No change West 51% CEE 44% Other 6%
2.	Language -English Training Mgt. style	Trust grew with -skill levels West had higher std.	CEE wanted -mktg, tech, fin West wanted -local/gov't contacts	West controls BOD-equal West manager	Influence -Growth restricted -Subcontracting	Terminated
3.	Language -English & Romanian Exchanges Mgt style	Trust grew with -control -actions -friendship - Young workers	No objectives -CEE tech, mgt, mktg -West CEE business	West controls BOD-West majority West manager	Local officials try to get friends jobs	Decrease CEE share to 19%. West 51% Other 30%
4.	"Culturally close" Language -French Exchanges	Trust from start -high skilled workers -western brands	CEE wanted -tech, mfg, mgt, software West none	West controls BOD-West majority CEE manager 1 French manager remains	Main customer ROMTEL is SOE	West bght 51% CEE West 51% CEE 32% Other 16%

Table 3
Longitudinal Characteristics - Hungary

Case	Culture	Trust	Learning	Control/Structure	Key Stakeholder	Ownership
5	Language -English Train/Exch Work ethic Cust. focus	Trust from start -high skill level -kept CEE brand -friendship -young workers	CEE wanted -mktg, fin, new products West none	West controls BOD-equal CEE manager 1 West specialist remains	None	West 100%
6.	Language -English Work ethic Mgt style Cust. focus Ethics	Trust from start proven wrong. Now reestablished -kept CEE brands -friendship -young workers -trust with controls -skill increases	No objectives -West local knowledge	West controls BOD-West majority Started with CEE managers replaced by West managers.	Government legal action for anti-competitive practices	West 100%
7.	Language -English Women mgrs Work ethic	Trust grew with -training -young workers -friendship	West-CEE operations CEE-tech, mktg, planning, production	West controls BOD-West majority West managers till recently	Government as customer	No change West 76% Other 24%
8.	Language -English Cust. focus	Trust grew with -training -experience -young workers	CEE-tech, mktg, management. West none	West controls BOD-West majority Started west now CEE managers	Privatization Price controls Subsidies Standards	West 64% Public 36%

Table 4
Subjective Performance Evaluation

Case	Western Partner	CEE Partner	Key Stake.	IJV	Other IJVs	Other Firms	Ave.
RONEDA							
CEE partner	3	4	4	5	5	6	
IJV manager	5	5	6	5	6	6	
Western partner	4	3	2	4	5	5	4.6
Shell/Romp petrol							
CEE partner	2	2	2	-	6	6	
Western partner	5	-	5	-	3	3	3.8
Interbrew/Bianca							
CEE partner	7	5	6	6	5-6	6	
IJV manager	5	5	7	4	5	4	
Western partner	5	5	6	5	5	5	5.4
Alcatel/Datetim							
CEE partner	7	7	5	7	7	7	
IJV manager	7	7	5	6	6	6	
Western partner	6	7	5	6	6	5	6.2
Aegon/AB							
IJV manager	-	-	-	6	5	7	
Western partner	6	6	5	6	5	6	5.8
Sara/Lee DE/Compack							
IJV manager	5	-	-	6	6	6	
Western partner	5	-	5	-	6	6	5.6
Wavin/Pemu							
IJV manager	5-6	-	5	-	4	4-5	
Western partner	5	6	5	6	5	4	5.0
SHV/OKGP							
IJV manager	7	-	-	7	5	5	
Western partner	6	6	5	6	6	6	5.9

Scale: 1 - not at all successful to 7 - extremely successful.

(-) signifies the manager's inability to provide a subjective evaluation on the given construct.

Appendix Case Protocol

Culture and Trust

1. Did your firm do anything to address cultural differences -- such as employing Hungarian/Rumanian nationals, cultural training of managers, bring Hungarian/Romanian nationals to Western European locations, or other training?
2. What types of cultural related issues have you experienced in this joint venture. (get specific examples)
 - have they helped/hindered the success of the JV?. How?
 - How were these issues resolved.
3. What about the issue of trust.
 - Do you feel you can trust the local managers/employees to do their job?
 - Do you think that the local managers/employees trust the Western European managers/owners?
 - Can you recall any specific issue arising from trust related interactions that impacted the success of the joint venture? (specifics).
 - Have your attitudes toward trust changed over the life of this JV? if so, how?
 - Do you think the local managers/employees' attitude towards trust have changed during the life of this JV? If so how?

Ownership and Control

1. What is the current ownership structure of the joint venture?
 - Since the JV was first formed, have there been any changes in ownership? If so, what changes have been made and why?
 - Do you feel that the original ownership structure helped or hindered the success of the JV? Why?
 - Do you think the new (present) ownership structure helps or hinders the success of the JV? Why?
2. Who would you say has control of the JV? Is this due to their ownership level, superior knowledge, or something else?
 - Who is the present managing director of the JV? Has the MD position changed since inception? if so why?
 - Since the JV was first formed, have there been any changes in the control/organizational structure? If so, what changes have been made and why?
 - Do you feel that the original control/organizational structure helped or hindered the success of the JV? Why?
 - Do you think the new (present) control/organizational structure helps or hinders the success of the JV? Why?

Organizational learning

1. We define organizational learning as -- the ability of one organization to identify, obtain, and utilize the specialized skills and knowledge (technical, managerial, marketing) of a partner organization.
 - Do you feel that the ownership structure (1) aids in, (2) restricts, or (3) has no impact on organizational learning in the JV? Why?
 - Do you feel that the control/organizational structure (1) aids in (2) restricts, or (3) has no impact on organizational learning in the JV? Why?

- Do you feel you have learned what you wanted from your JV partner? If not, why not? And what was that?
 - Do you feel your partner has learned what they wanted from you? If not why not? And what was that?
 - Do you feel that the JV has been able to learn from your organization? And your partner firm? Can you be specific about what has been learned?
 - Have you or your partner put up any barriers to learning or restrictions on the scope of the JV?
 - Have you instituted any mechanisms to aid in organizational learning, such as having regular management meetings, technical meetings, marketing meetings, training of personnel, rotation of personnel to/from the JV?
 - What type of knowledge were you attempting to gain from this JV?
2. Describe your firm's organization structure? How does this compare to your partner's structure and the JV's structure?
 3. Are the personnel practices of the JV similar to your firm's practices?
 4. How similar/different do you believe are the dominant logic (what an organization believes to be right, true, just and acceptable) of your firm and your partner and the JV organization?

Key stakeholder influence

1. In this joint venture the key stakeholder is the Government and or government representative such as the privatization board.
 - Since inception, can you identify specific instances when the key stakeholder attempted to directly influence the
 1. strategy of the JV? 2. resources of the JV? 3. market access?
 4. employment policies? 5. other operating issues?
 - Since inception, has the key stakeholder indirectly (through laws and regulations) attempted to influence the
 1. strategy of the JV? 2. resources of the JV? 3. market access?
 4. employment policies? 5. other operating issues?
 - Has the key stakeholder passed laws/regulations that have been favorable to the JV (such as restricting competition or increasing legal status)?
 - Has the key stakeholder passed laws/regulations that have been detrimental to the JV (such as increasing competition, or reducing legal status)?

Conclusions

Can you think of anything that you or your partner could have done differently that would have improved the performance of this JV?