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UNIVERSITY OF VAASA

Riku Hietala

Determining International Joint Venture Performance:

The Role of Factors at the Pre-Formation and Post-Formation Stages of the International Joint Venture

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Author:	Riku Hietala		
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ABSTRACT:

This thesis examines the determinants of international joint venture (IJV) performance by adopting a lifecycle perspective that integrates both pre-formation and post-formation stages. It addresses a common limitation in literature, where these phases are frequently analyzed in isolation, thereby overlooking their interdependent effects on IJV outcomes. Based on a conceptual framework grounded in prior research, the study considers strategic, structural, and relational determinants, including partner reputation, prior collaborative experience, firm size, host country risk, inter-partner trust, communication quality, cultural adaptation, ownership structure, and conducts interview with a senior executive from a Finnish manufacturing company with responsibility for three IJVs located in Poland, China, and Finland. All joint ventures had been newly established legal entities and differed in ownership structures and partner histories. The findings indicate that favorable pre-formation conditions, such as prior collaborative experience and partner reputation did not consistently translate into positive relational outcomes. Pre-formation factors such as partner reputation, prior collaboration, equity structure, firm size and resource complementarity did not consistently explain IJV performance. Instead, host country risk had effect. Post-formation factors like trust and cultural adaptation were relevant drivers of performance. This study contributes to international business literature by advancing an empirically grounded, dynamic understanding of IJV success and by proposing nine theoretical propositions and a lifecycle-based framework illustrating how multiple factors interact to influence IJV performance.

KEYWORDS: IJV, International joint venture, determinants, pre-formation stage of IJV, post-formation stage of IJV

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1 Introduction

1.1 Background of the study

Globalization and the increased international competition have fundamentally reshaped the strategies of firms across industries. Companies operating in domestic markets face pressure to expand internationally to sustain growth and maintain competitive advantage. However, there are complexities associated with internationalization including political risk, cultural divergence, regulatory uncertainties and substantial resource commitments, creating formidable barriers to successful foreign market entry. When there are those types of complexities, international joint ventures (IJVs) are a strategic option to consider, offering firms the opportunity to mitigate risks, access local knowledge, and combine complementary resources to facilitate international expansion (Glaister & Buckley, 1999; Liu, Fu, Wang & Su, 2024; Yan & Luo, 2001).

International joint venture can be defined as a legally independent entity which is jointly established by two or more firms from different countries, in which partners contribute resources and share ownership, control, and strategic objectives (Aib, 2024; Inkpen, 1995). IJVs allow firms to enter foreign markets leveraging their partners' existing networks, technological capabilities, resources and institutional knowledge. In the manufacturing sector, where operations are complex and there is a need for technological integration, significant capital investments are important. IJVs can provide a solution for production efficiency, innovation synergies, and competitive positioning (Liu et al. 2024). Despite these strategic solutions, IJVs are frequently characterized by instability and lacking performance outcomes. Multiple studies consistently indicate that a large proportion of IJVs either fail in early stages, underperform when comparing to expectations or require major restructuring to remain viable (Aib, 2024; Luo, 2008; Park & Ungson, 1997; Pedada, Padigar, Sinha, & Dass, 2021). This high failure rate of IJVs has led many researchers to investigate the determinants of IJV success and failure. Factors such as strategic misalignment, cultural incompatibility, and ineffective governance have been identified

as critical sources of IJV instability, particularly in manufacturing ventures where coordination demands are especially high (Blodgett, 1992; Inkpen & Beamish, 1997; Mjoen & Tallman, 1997; Yan & Zeng, 1999).

Research on IJVs has historically been fragmented, often isolating either pre-formation factors, such as strategic fit and partner selection, or post-formation factors, such as relational governance and operational management, thereby hindering a holistic understanding of IJV development (Ali et al., 2021; Nielsen, 2007). This segmentation has constrained the ability to fully comprehend how IJVs evolve over time and how early-stage decisions interact with ongoing relational dynamics to shape performance outcomes. Recognizing these limitations, more recent research has advocated for a lifecycle perspective that integrates pre-formation and post-formation analyses, emphasizing the dynamic and interdependent nature of factors influencing IJVs. (Chang, Wang, & Bai, 2020; Nippa & Reuer, 2019). The manufacturing sector's heightened exposure to technological disruption, supply chain vulnerabilities, and geopolitical risks in the post-pandemic global economy underscores the urgent need to better understand how IJVs can be structured and governed to ensure resilience and long-term success (Chang et al., 2020; Luo, Shenkar, & Gurnani, 2008). Manufacturing IJVs requires strategic understanding, given their reliance on complex technological integration, cross-border knowledge transfer, and operational coordination across diverse and often volatile institutional environments (Farrell, Oczkowski & Kharabsheh, 2011; Luo et al., 2008). However, prior research has very limitedly investigated the role of pre-formation and post-formation factors in explaining the IJV performance (e.g. Nielsen, 2007).

These gaps are addressed by systematically investigating the determinants of IJV performance across the international joint venture lifecycle, with a specific focus on manufacturing-based joint ventures. By examining how pre-formation strategic decisions and post-formation relational governance practices jointly influence outcomes, the research seeks to contribute to a more dynamic, and practically relevant understanding of IJV performance. In doing so, it aspires to offer both theoretical advancements in international

joint venture literature and actionable insights for managers navigating the complexities of international joint ventures.

1.2 Research question and objective of the study

Globalization and the strategic targets for firms to pursue international expansion have made the study of international joint ventures (IJVs) critically important. IJVs offer a strategic mechanism for firms to mitigate risks, pool resources, and achieve rapid market access in foreign environments. Yet their performances remain highly uncertain and frequently disappointing. Prior research has often examined either pre-formation factors, such as partner selection and strategic fit, or post-formation factors, such as governance quality and relational dynamics, in isolation. However, this fragmented approach fails to capture the evolving and interconnected nature of factors influencing IJV performance across the venture lifecycle (Nielsen, 2007; Nippa & Reuer, 2019). Consequently, there is a compelling need to investigate IJVs while acknowledging the interplay between initial conditions and operational practices, particularly within manufacturing-sector ventures where there are operational and relational complexities.

This study adopts a comprehensive lifecycle perspective to address critical gaps in the literature and enhance understanding of IJV success and failure. It specifically examines factors during the pre-formation stage, such as partner reputation, firm size and host country risk. Then, in the post-formation stage it examines management practices, including trust, communication and governance structuring and how these factors influence performance. Manufacturing IJVs are chosen as the focal context, recognizing their strategic importance to economic development, their high reliance on technological integration, and the operational interdependencies that make performance particularly sensitive to both strategic and relational factors. Based on the above identified research gaps, the main research objective of present study is ***to investigate the determinants of IJV performance both at the formation of IJVs and during the operation of the IJVs.***

Accordingly, the main research question of the study is:

What are the determinants of international joint venture (IJV) performance during the pre-formation and post-formation stages of the IJV lifecycle?

This research question reflects the study's commitment to bridging fragmented streams of IJV research. It recognizes that IJV outcomes are not static results of initial design choices but results of dynamic interactions between partners over time. Investigating this interactional process enables a more comprehensive and realistic understanding of why some IJVs achieve their strategic objectives while others fail to achieve targets.

In order to better understand the main research question, following sub-objectives are developed:

- 1. To critically examine the conceptual foundations, strategic motives, defining characteristics of international joint ventures, and IJV performance.*
- 2. To explore the stages of the IJV lifecycle*
- 3. To identify and critically evaluate specific strategic, structural, and relational factors that significantly influence IJV performance at various stages, with particular emphasis on their interdependencies in manufacturing-sector IJVs.*
- 4. To empirically explore the developed framework by collecting qualitative data from Finnish firms involved in IJVs.*

By fulfilling these objectives, the study will address theoretical gaps identified in prior research and offers insights for managers aiming to enhance the stability and performance of international joint ventures. Through a detailed, stage focused examination of pre-formation and post-formation determinants, this research aspires to contribute to a more integrated, dynamic, and practically relevant understanding of IJV success.

1.3 Delimitations of the study

This research is subject to several deliberate delimitations aimed at ensuring analytical focus and feasibility. The study confines its empirical investigation to IJVs within the manufacturing sector. This sectoral focus is justified by the distinctive challenges manufacturing IJVs face, such as high operational complexity, substantial resource interdependence, and critical technological integration requirements. While the conceptual framework adopts a lifecycle perspective involving pre-formation, post-formation, and end stages of international joint ventures, empirically focus is only on the pre-formation and post-formation stages. This scope is shaped by the operational status of all three IJVs, which are active at the time of data collection. Although signals of strategic misalignment and performance strain may suggest potential transition points, these do not constitute end-stage outcomes such as dissolution or conversion, which lie outside the empirical reach of this thesis.

The study is based on a sample of manufacturing IJVs accessible within the research timeframe. Given constraints related to access to confidential corporate data and the availability of key informants, the sample size remains limited. Although this restricts the extent of broad statistical generalization, it enables an in-depth, context-sensitive analysis of pre and post formation factors influencing IJV performance. Study predominantly considers IJVs formed by medium to large-sized enterprises, as these firms are more likely to engage in resource intensive international joint ventures. The dynamics of IJVs involving smaller firms, characterized by different resource constraints and strategic motivations, fall outside the primary focus of this research. By concentrating on larger entities, the study ensures that variations in performance are not confounded by fundamental differences in organizational capabilities. Future research could extend these findings by adopting a longer design to capture the evolution of performance over a long period time.

1.4 Definitions of key terms

To ensure conceptual clarity and facilitate a consistent interpretation of core concepts throughout the study, the following definitions are provided. These terms are essential for understanding the theoretical framing, methodological choices, and analytical focus of the research on international joint ventures (IJVs) in the manufacturing sector.

International Joint Venture (IJV) refers to a legally autonomous business entity jointly owned by two or more parent companies from different countries, established to achieve specific strategic objectives through shared governance and resource contributions (Glaister & Buckley, 1999). This structure is central to the study as it embodies the dual goals of resource sharing and risk mitigation across national boundaries.

The **Pre-formation Stage** encompasses the initial phase preceding the formal establishment of the IJV, including partner search, negotiation, due diligence, and strategic planning activities aimed at ensuring strategic compatibility and resource alignment (Geringer, 1991). Decisions made at this stage significantly influence subsequent venture dynamics and outcomes.

The **Post-formation Stage** denotes the operational phase following the creation of the IJV, characterized by the implementation of governance structures, relational management practices, and adaptation to evolving internal and external conditions (Yan & Luo, 2001). Effective management during this phase is critical for sustaining cooperation and achieving strategic objectives.

Performance determinants refer to the strategic, structural, and relational factors that influence the success or failure of an international joint venture (IJV), including partner compatibility, resource complementarity, governance arrangements, trust development, communication effectiveness, and cultural adaptation (Chang, Wang, & Bai, 2020; Farrell, Oczkowski, & Kharabsheh, 2011; Luo, Shenkar, & Gurnani, 2008). Understanding these determinants is crucial for diagnosing and enhancing IJV performance, as prior research

emphasizes that both strategic fit and relational quality significantly shape the ability of IJVs to achieve their intended outcomes over time (Nielsen, 2007; Ali et al. 2021).

Trust is defined as the willingness of IJV partners to be vulnerable to each other's actions based on the expectation that the other will perform actions important to the relationship, irrespective of the ability to monitor or control the other party (Inkpen, 1995). Trust plays a foundational role in mitigating relational risks and fostering collaborative behavior, enabling partners to overcome the inherent uncertainties and opportunistic hazards associated with joint venture operations (Inkpen, 1995; Luo, Shenkar, & Gurnani, 2008).

Cultural adaptation involves the process by which IJV partners adjust their practices, communication styles, and management approaches to accommodate cultural differences and enhance relational harmony (Park & Ungson, 1997). Successful cultural adaptation is often a prerequisite for effective collaboration across diverse institutional environments, as it fosters mutual understanding, reduces conflict potential, and supports the development of relational trust essential for long-term joint venture success (Luo, Shenkar, & Gurnani, 2008; Park & Ungson, 1997).

Resource complementarity refers to the degree to which the resources and capabilities of IJV partners complement rather than duplicate each other, enabling synergistic value creation and operational efficiency (Geringer, 1991). High levels of complementarity often underpin successful joint ventures by enhancing collective competitiveness, facilitating the combination of distinct strategic assets, and promoting more effective collaboration during both formation and operational stages (Chang, Wang, & Bai, 2020; Geringer, 1991).

Governance mechanisms encompass the formal and informal structures, processes, and agreements used to coordinate activities, share decision-making responsibilities, and resolve conflicts within an international joint venture (IJV) (Nielsen, 2007). Effective governance is critical for balancing cooperation and control among partners, thereby

mitigating relational risks, enhancing operational stability, and promoting long-term performance outcomes (Luo, Shenkar, & Gurnani, 2008; Nielsen, 2007).

Equity ownership structure describes the proportion of ownership stakes held by the parent companies in the international joint venture (IJV), influencing control rights, risk-sharing arrangements, and profit distribution, thereby impacting strategic decision-making processes (Beamish & Lupton, 2009). Ownership arrangements often shape the balance of power and accountability within the venture, affecting both governance effectiveness and the capacity of partners to align interests and resolve conflicts over time (Beamish & Lupton, 2009; Luo, Shenkar, & Gurnani, 2008).

Lifecycle perspective provides an analytical framework that considers how the determinants of international joint venture (IJV) performance evolve across different stages of the venture's existence, from formation to termination, emphasizing the dynamic and processual nature of inter-organizational collaboration. Adopting a lifecycle perspective allows for a more nuanced and temporally sensitive analysis of IJV performance by recognizing that strategic, structural, and relational factors exert varying degrees of influence as the venture progresses through different developmental phases (Nippa & Reuer, 2019).

Interdependence refers to the degree to which international joint venture (IJV) partners rely on each other's resources, capabilities, and commitments to achieve collective strategic objectives. High levels of interdependence necessitate effective coordination, mutual adjustment, and relational governance to manage the inherent risks and vulnerabilities associated with resource and operational dependencies (Luo, Shenkar, & Gurnani, 2008). In manufacturing IJVs, interdependence is particularly notable, as technological integration, supply chain synchronization, and knowledge sharing often create critical mutual reliance that directly shapes collaboration dynamics and performance outcomes (Chang, Wang, & Bai, 2020).

1.5 Previous studies

The study of international joint ventures (IJVs) has evolved from early structural approaches toward a broader understanding that includes strategic alignment, relationship management, and organizational learning. Initial research focused on stable factors such as partner compatibility and resource complementarity as the main drivers of performance. While these factors remain important, they are no longer seen as sufficient especially in the manufacturing sector, where high technological complexity and capital demands require ongoing collaboration and adaptability.

Previous research has increasingly applied a lifecycle perspective to explain international joint venture (IJV) performance, emphasizing that success depends both on partner alignment before formation and on the venture's ability to adapt over time. Reuer, Singh, and Zollo (2002) demonstrate that IJVs tend to perform better when early strategic and resource compatibility is complemented by the ongoing development of relational governance mechanisms, such as trust, flexibility, and collaboration. This approach is particularly important in manufacturing, where sustained cooperation requires continuous alignment of technical processes, operational routines, and management practices throughout the venture's lifecycle (Reuer, Singh & Zollo, 2002).

The reconceptualization of IJVs as learning platforms originated with Inkpen (1995), who argued that sustained advantage in joint ventures depends not solely on structural fit but on the partners' ability to internalize and apply knowledge, what he termed absorptive capacity. This insight remains foundational to contemporary lifecycle approaches, where performance is seen as the cumulative outcome of both initial resource alignment and the capacity to learn and adapt relationally over time. In this context, Nielsen (2007) advanced a multidimensional framework for evaluating IJV success, encompassing financial, strategic, and relational domains. Such an approach is particularly pertinent to manufacturing-sector ventures, where knowledge integration and operational alignment evolve through iterative learning cycles.

While traditional transaction cost theory focused on formal contracts to reduce partner opportunism, newer IJV research argues that this approach is too rigid and overlooks the social and adaptive aspects of governance (Luo, 2002). As a result, relational governance has become a key explanation for IJV success. Ali, Khalid, Shahzad & Larimo (2021) find that trust and good communication matter more for IJV performance than formal contracts, especially in technology-intensive settings. Together, these studies suggest that managing relationships and cultural understanding is just as important as structural design in sustaining joint venture cooperation.

Governance in IJVs is not a fixed arrangement but a process that changes over time. As joint ventures move from formation to day-to-day operations, initial governance approaches often become less effective. This shift requires a move from informal, trust-based arrangements to more formal systems of control (Child & Yan, 2003). Manufacturing IJVs working under uncertain conditions perform better when they use a combination of contracts and relationship-based mechanisms. This dual approach helps manage risks and allows the venture to respond flexibly to changing environments, particularly in high-uncertainty contexts where governance complementarities are critical (Luo, 2002).

At the same time, managing how knowledge is shared between partners has become a critical issue in IJV performance. Farrell, Oczkowski, and Kharabsheh (2011) show that firms often face trade-offs between protecting sensitive knowledge and enabling joint learning, particularly when intellectual property is involved. They argue that while safeguarding proprietary knowledge is necessary, supporting learning and cooperation between partners remains essential for long-term success. Similarly, Ali et al. (2021) emphasize that effective communication is not only about frequent exchanges but also about building mutual understanding and relational trust. This is especially important in manufacturing IJVs, where shared technologies, systems, and supply chains require continuous coordination and alignment.

Taken together, these studies show that IJV performance emerges from the ongoing interaction between strategic intent, governance development, and organizational learning. Performance is not the result of individual variables acting in isolation, but of how these dimensions evolve and influence one another across time. Nippa and Reuer (2019) argue that literature has often failed to link early-stage design decisions with later relational and governance outcomes. Reuer et al. (2002) similarly emphasizes the need for research that follows how initial strategic intent shapes and is shaped by later dynamics within the venture. This study builds on those insights by applying a lifecycle perspective that connects pre-formation design to post-formation behavior. Viewing IJVs in this way allows for a more complete understanding of performance that reflects both temporal progression and structural adaptation.

1.6 Structure of the thesis

The structure of this thesis is designed to guide the reader through a focused study into the determinants of international joint venture (IJV) performance. Chapter 1 introduces the research by outlining its background, objectives, questions, and delimitations, while also defining core terminology and situating the study within existing academic discourse through a concise review of relevant prior work. Chapter 2 provides a critical and integrated literature review, examining themes such as the strategic motives behind IJV formation, defining characteristics, lifecycle stages, and key performance drivers. Chapter 3 details the research methodology, presenting the study's qualitative and inductive case study design while elaborating on the data collection process, sampling rationale, and thematic analysis approach, with particular attention to methodological transparency and relevance to the evolving nature of IJV dynamics.

Chapter 4 presents the empirical findings, identifying how pre-formation and post-formation factors influence IJV performance, while grounding the analysis in the theoretical framework developed earlier. Chapter 5 interprets the findings within the existing literature, highlighting both theoretical contributions and practical implications for the

management of international joint ventures. Furthermore, it concludes the thesis by summarizing the main contributions, addressing its limitations, and outlining avenues for future research.

2 Literature Review

2.1 Defining international joint venture (IJV)

Defining international joint ventures (IJVs) is essential for establishing conceptual clarity. In the field of international business, collaborative arrangements take many forms including mergers, acquisitions, and non-equity alliances that differ in structure, strategic intent, and governance mechanisms (Contractor & Lorange, 1988; Kogut, 1988). Distinguishing IJVs from these alternative forms is necessary to delimit the unit of analysis and ensure consistency in how performance determinants are evaluated across the venture's lifecycle. Since strategic alignment, governance design, and relational dynamics are shaped by the foundational structure of the partnership, a specific definition is critical particularly in a study that adopts a lifecycle perspective (Beamish & Lupton, 2009; Parkhe, 1993).

Early research on IJVs focused heavily on structural and legal criteria. Geringer (1991) defined IJVs as legally separate entities jointly owned by two or more parent firms, each contributing equity and maintaining partial control. Harrigan (1988) emphasized shared equity and joint governance rights, while Beamish (1985) identified legal independence and joint control as essential features. These foundational definitions distinguished IJVs from looser cooperative agreements or wholly owned subsidiaries by emphasizing formalized risk sharing and joint decision-making. They provided a clear legal and managerial framework that remains influential, especially when assessing ownership structure and control mechanisms (Beamish, 1985; Geringer, 1991; Harrigan, 1988).

Over time, scholars began to extend this structural view by incorporating relational and strategic dimensions. Inkpen (1995) introduced the idea of IJVs as learning platforms, where mutual interdependence allows partners to achieve outcomes they could not reach independently. Yan and Gray (1994) highlighted the importance of trust and

knowledge sharing, while Park and Ungson (1997) and Child and Faulkner (1998) emphasized soft factors such as mutual commitment, communication quality, and cultural adaptation. More recently, a lifecycle perspective has gained prominence. Scholars such as Nippa and Reuer (2019) and Reuer et al. (2002) argue that IJVs are not static entities, but evolving collaborations whose governance structures and relational mechanisms shift over time. These contributions highlight the need for flexible definitions that reflect not only structural characteristics but also the dynamic processes that unfold across different stages of the IJV lifecycle. (Child & Faulkner, 1998; Inkpen, 1995; Nippa & Reuer, 2019; Park & Ungson, 1997; Reuer et al., 2002; Yan & Gray, 1994).

Drawing from these perspectives, an international joint venture is defined as a legally independent entity jointly formed and governed by two or more parent firms from different national contexts, characterized by shared equity contributions, cooperative decision-making, and mutual strategic intent. This definition captures both the structural features and relational dimensions central to the IJV form. It also reflects the evolving nature of IJVs by acknowledging their capacity to adapt governance systems and partnership dynamics over time (Inkpen, 1995; Nippa & Reuer, 2019). By adopting this definition, the study establishes a clear and consistent conceptual foundation from which to analyse how pre-formation choices and post-formation developments shape IJV performance across the venture's lifecycle.

2.2 Motives of IJV formation and IJV characteristics

Understanding the motives behind the formation of international joint ventures (IJVs) is essential for explaining their defining characteristics, strategic behavior, and performance outcomes. Firms pursue IJVs for a range of strategic reasons, including market access, resource acquisition, knowledge sharing, and risk reduction. These motives are not mutually exclusive and often overlap, influencing both the structural design and relational dynamics of the venture (Ali et al., 2021; Contractor & Lorange, 1988; Glaister & Buckley, 1996; Hennart, 1988). The initial purpose for forming the joint venture shapes

partner expectations, resource commitments, and governance choices, which in turn affect the venture's development and adaptability across its lifecycle.

Market-seeking motives have long been a dominant rationale for IJV formation. Firms often enter joint ventures to overcome foreign market entry barriers, such as regulatory restrictions, institutional unfamiliarity, or cultural distance (Harrigan, 1988; Kogut, 1988). In these cases, partnering with a local firm provides access to essential market knowledge, distribution networks, and stakeholder relationships (Geringer, 1991; Luo & Shenkar, 2006). In parallel, resource-based motives involve the pursuit of complementary assets. These can include technological expertise, manufacturing capabilities, or supply chain infrastructure that would be costly or time-consuming to develop internally (Hennart, 1988). Strategic learning has also become a critical motive, particularly in knowledge-intensive industries. Inkpen (1995) argued that firms form IJVs to acquire managerial and technical knowledge from their partners. Subsequent studies confirmed that knowledge acquisition through IJVs contributes to innovation and adaptability in fast-changing environments (Beamish & Lupton, 2009; Luo, 1997; Nielsen, 2007). IJVs also provide a mechanism for sharing the financial and operational risks of international expansion, especially in unstable or uncertain contexts (Parkhe, 1993; Glaister & Buckley, 1996).

These strategic motives significantly influence the structural and relational characteristics of IJVs. Ventures formed for market access often show asymmetry in partner contributions, where local firms bring contextual knowledge and foreign partners contribute capital or technology. In contrast, IJVs based on technological collaboration typically involve more balanced resource inputs and higher interdependence (Luo, 2002; Yan & Gray, 1994). Governance structures and cultural management practices are designed to reflect the strategic intentions of the firms involved (Child & Yan, 2003; Reuer et al., 2002). As ventures evolve, their motives may shift. An IJV initially established to enter a foreign market may gradually transition into a platform for joint learning or innovation. Such shifts require changes in ownership arrangements, control mechanisms, and relational

processes, including trust-building and knowledge integration (Nippa & Reuer, 2019; Reuer et al., 2002).

The alignment between partners' motives plays a critical role in IJV performance. If strategic goals are misaligned at the outset, the venture may suffer from conflicting expectations, limited cooperation, and instability (Park & Ungson, 1997; Yan, 1998). In contrast, well-aligned motives can foster trust, resource complementarity, and long-term collaboration (Ali et al., 2021; Beamish & Lupton, 2009; Geringer, 1991). Understanding the strategic reasons behind IJV formation and how those motives shape structure, governance, and relational dynamics, provides a strong foundation for analyzing how pre-formation decisions affect later performance. This analysis is central to understanding IJV success across different lifecycle stages, which the following sections will address in greater detail.

2.3 IJV performance

Evaluating the performance of international joint ventures is a long-standing yet complex issue in international business research. Measuring performance is essential for determining whether a joint venture has achieved its intended outcomes, yet no consensus exists on how it should be defined. This lack of agreement stems from the diverse goals of partner firms and the evolving nature of IJVs across different stages of their development (Ali et al., 2021; Geringer & Hebert, 1991; Yan & Gray, 1994). Traditional approaches relied heavily on financial indicators such as profitability, return on investment, and market share (Contractor & Lorange, 1988; Geringer & Hebert, 1991). Although these metrics offer objectivity and comparability, they often fail to capture the full scope of what IJVs are designed to achieve. Many joint ventures may deliver strategic or relational value even when financial performance appears limited, particularly in their early stages (Beamish & Lupton, 2009; Luo, 1997).

To address these limitations, later research broadened the concept of IJV performance to include strategic and relational dimensions. Strategic performance relates to the extent to which the venture supports the parent firms broader goals, such as international expansion, capability building, or competitive positioning (Glaister & Buckley, 1996; Nielsen, 2007; Parkhe, 1993). Relational performance considers factors like trust, partner satisfaction, and the perceived quality of collaboration, recognizing that long-term success depends on maintaining constructive relationships between partners (Inkpen & Beamish, 1997; Yan, 1998). More recent studies call for a multidimensional approach, combining financial, strategic, relational, and learning outcomes in a single evaluative framework (Ali et al., 2021; Nielsen, 2007). These perspectives align with a lifecycle view of IJVs, where performance priorities change over time. For example, learning and knowledge transfer may be key in the early stages, while financial returns become more relevant as the venture matures (Nippa & Reuer, 2019; Reuer et al., 2002).

Challenges in performance evaluation are also linked to data availability and measurement reliability. Financial results are often not reported separately for IJVs, especially if they are privately held or embedded in broader corporate structures (Beamish, 1985; Reuer & Ragozzino, 2014). On the other hand, factors such as partner satisfaction are prone to bias and may not fully reflect the actual health of the venture (Nielsen, 2007; Yan & Gray, 1994). These limitations are becoming more pronounced as global operating environments grow more uncertain. Digital disruption, regulatory change, and geopolitical volatility all contribute new dimensions to how joint venture performance must be understood. Scholars increasingly emphasize the importance of adaptability, resilience, and the ability to work across diverse organizational and cultural boundaries (Ali et al., 2021). In response to these challenges, a multidimensional and lifecycle-sensitive view of IJV performance is adopted. The framework includes strategic, relational, and adaptive dimensions, allowing for a more nuanced understanding of how performance evolves over time. This approach moves beyond single-point metrics and instead captures how joint ventures meet shifting goals across formation, growth, and maturity phases. By linking performance to both pre-formation and post-formation factors, the

study aligns with current research that treats IJVs as dynamic systems rather than static entities. It also offers a stronger basis for assessing the full value and sustainability of joint ventures in complex international environments.

2.4 Stages of IJV life cycle

Understanding the stages of the international joint venture (IJV) lifecycle is critical for evaluating the determinants of IJV performance. The lifecycle approach recognizes that IJVs are dynamic entities whose strategic objectives, governance structures, relational dynamics, and performance indicators evolve over time (Nippa & Reuer, 2019; Reuer et al., 2002). Building on this understanding, this study adopts a three-stage model of the IJV lifecycle: pre-formation, post-formation, and end-stage. Each stage presents distinct challenges and opportunities, influencing the performance trajectory and strategic evolution of the venture (Child & Faulkner, 1998).

2.4.1 Pre-formation stage of IJV

The pre-formation stage includes the initial strategic planning, partner selection, and agreement negotiation phases before the IJV is formally established (Nielsen, 2007). Decisions made during this stage have profound and long-lasting effects on the venture's success. Partner selection criteria, including reputation, prior collaboration experience, firm size, resource complementarity, and strategic fit, are critical for setting a strong foundation (Beamish & Lupton, 2009; Geringer, 1991; Hennart, 1988; Yan & Gray, 1994). Several studies emphasize the importance of aligning partner objectives and expectations during the pre-formation stage to mitigate future conflicts and misalignments (Parkhe, 1991; Parkhe, 1993; Reuer & Ragozzino, 2014). Host country risk assessment also plays a significant role, as political, economic, and regulatory environments can impact the feasibility and stability of the venture (Contractor & Lorange, 1988; Luo & Shenkar, 2006). Failure to adequately address these factors often leads to underperformance,

relational deterioration, or premature dissolution. Partner reputation functions as an indicator of reliability and competence, influencing the development of trust even prior to the initiation of operational engagement (Inkpen, 1995). Prior experience between partners can facilitate smoother negotiations and quicker alignment of strategic priorities, while significant differences in firm size may create power asymmetries that necessitate careful governance design (Luo, 2002; Yan, 1998). Strategic pre-formation planning lays the groundwork for achieving strategic and relational objectives during the operational phases of the IJV.

2.4.2 Post-formation stage of IJV

The post-formation stage refers to the operational phase after the IJV has been formally established (Nielsen, 2007). This stage focuses on the execution of strategic plans, ongoing management, governance adaptation, and relationship building between partners. Trust development, effective communication, cultural adaptation, resource sharing, and ownership structure adjustments are central themes during this phase (Child & Yan, 2003; Inkpen & Beamish, 1997; Luo, 2008). Trust is often highlighted as a cornerstone of successful IJV operations, influencing cooperation, information sharing, and conflict resolution (Nielsen, 2007; Yan & Gray, 1994). Communication quality supports not only operational efficiency but also relational governance, reducing reliance on formal contractual mechanisms (Ali et al., 2021). Cultural differences, if not properly managed, can exacerbate misunderstandings and erode trust, necessitating deliberate cultural adaptation strategies (Parkhe, 1991; Glaister & Buckley, 1996).

Resource complementarity, defined as the extent to which partner contributions are synergistic, remains critical during the post-formation stage by enabling the venture to effectively leverage the unique capabilities of each firm (Geringer, 1991; Luo, 1997). In addition, ownership structures and decision-making autonomy must often evolve over time, responding to shifts in strategic priorities, relational dynamics, and market conditions (Nippa & Reuer, 2019; Reuer & Ragozzino, 2014; Reuer et al., 2002). Active

relational management during this stage is crucial for sustaining trust, balancing power imbalances, and adapting to unforeseen challenges.

2.4.3 End stage of IJV

The end-stage of the IJV lifecycle involves the transition, transformation, or termination of the venture. This stage may result in dissolution, acquisition by one partner, conversion into a wholly owned subsidiary, or strategic reconfiguration of the alliance (Beamish & Lupton, 2009; Reuer & Ragozzino, 2014). Understanding the factors that drive the closure or evolution of IJVs is critical for assessing the full lifecycle performance and strategic legacy of the venture. Various triggers for IJV termination have been identified, including goal divergence, performance failure, external environmental shifts, and changes in partner strategies (Aib, 2024; Pedada et al. 2021; Yan, 1998; Park & Ungson, 1997). Sometimes, termination reflects successful goal achievement rather than failure. Joint venture may close after successfully transferring knowledge, capturing market share, or establishing critical competencies (Inkpen, 1995; Nielsen, 2007).

Managing the end-stage requires careful planning to protect accumulated assets, intellectual property, and relational goodwill. Exit strategies negotiated during the pre-formation phase such as buyout clauses, resource reallocation agreements, and non-compete provisions can facilitate smoother transitions, reduce conflict, and safeguard future collaboration opportunities (Child & Faulkner, 1998; Contractor & Lorange, 1988; Luo & Shenkar, 2006). The lifecycle approach highlights that IJV performance cannot be fully understood without recognizing the shifting priorities, evolving relational dynamics, and strategic realignments that occur across different stages of the venture's existence. Understanding these stages is essential for identifying the factors that contribute to IJV success or failure at different points along the lifecycle.

2.5 Determinants of IJV performance

Understanding the determinants of international joint venture (IJV) performance is crucial for understanding the reasons behind the success or failure of collaborative ventures across industries. Given the inherent complexities of IJVs, their performance is influenced by a variety of factors arising both before and after the formation of the venture. Pre-formation determinants are associated with strategic partner selection and initial environmental conditions, while post-formation determinants relate to relational governance, operational execution, and structural configurations during the life of the IJV. Detailed examination of these determinants is essential for capturing the dynamic nature of IJV performance outcomes (Geringer, 1991; Luo, 1997; Nippa & Reuer, 2019).

2.5.1 Pre-formation determinants of IJV performance

Partner reputation

Partner reputation functions as an early indicator of a firm's reliability, strategic competence, and willingness to collaborate. A strong reputation reduces perceived partner risk and enhances attractiveness, therefore forming trust even prior to any direct discussions (Inkpen, 1995). Reputation signals past performance and future expectations, influencing partner selection decisions and contractual negotiations (Beamish & Lupton, 2009; Luo, 2002). Several studies suggest that ventures involving high-reputation partners experience smoother relational development, quicker alignment of strategic goals, and enhanced stability during initial operations (Nielsen, 2007; Yan & Gray, 1994). Hence the following proposition is developed:

Proposition 1: A favorable partner's reputation enhances the IJV performance.

Prior collaborative experience

Prior collaborative experience with partner is another significant determinant of IJV success. Previous interactions provide a foundation of mutual understanding, trust, and familiarity with each other's strategic behaviors and cultural practices (Child & Faulkner, 1998; Yan, 1998). Such experiences reduce information imbalance and enhance relational governance mechanisms, enabling partners to resolve conflicts more effectively (Glaister & Buckley, 1996; Reuer & Ragozzino, 2014). On the contrary, the absence of prior collaboration increases relational uncertainty and the likelihood of goal misalignment (Parkhe, 1993). Therefore, it is assumed that prior collaborative experience with partner enhances the IJV performance. Based on the above discussion, the following proposition is developed:

Proposition 2: Prior collaborative experience with partner enhances the IJV performance.

Firm size

Firm size, measured by resources, market power, and organizational complexity, plays a significant role in shaping IJV dynamics. Larger firms often bring greater financial resources, technological capabilities, and market legitimacy to the venture (Geringer, 1991; Hennart, 1988). However, substantial imbalances in firm size between partners can create power imbalances, influencing decision-making autonomy, control rights, and conflict management processes (Luo, 1997; Yan & Gray, 1994). Studies suggest that carefully structuring governance mechanisms can mitigate potential conflicts arising from size asymmetries (Reuer et al., 2002). Therefore, it is assumed that bigger firms have more resources and can easily handle the IJVs. Indicating the IJV performance of bigger firms would be high. Based on the above discussion, the following proposition is developed:

Proposition 3: Firm size enhances the IJV performance.

Host country risk

Host country risk includes political, economic, regulatory, and cultural uncertainties that can impact the venture's operations and strategic viability (Contractor & Lorange, 1988; Luo & Shenkar, 2006). High-risk environments often necessitate stronger relational governance, flexible operational structures, and risk-sharing arrangements to protect partner investments (Ali et al., 2021; Beamish, 1985). Firms entering high-risk markets via IJVs seek to leverage local partners' knowledge and networks to mitigate exposure (Luo, 1997). However, it is mentioned that high risk in host country also restricts the inter-partner cooperation, enhances inter-partners conflicts and opportunism (Nielsen, 2007). Therefore, resulting IJV performance should be lower. Based on the above discussion, the following proposition is developed:

Proposition 4: Host country risk reduces the IJV performance.

2.5.2 Post-formation stage of IJV performance

Trust

Trust between partners is widely recognized as a cornerstone of successful IJV operations. It facilitates information sharing, cooperative behavior, conflict resolution, and resilience against opportunistic actions (Inkpen & Beamish, 1997; Yan & Gray, 1994). Trust evolves dynamically over time through consistent, fair, and transparent interactions (Child & Yan, 2003; Nielsen, 2007). High levels of trust reduce reliance on costly contractual enforcement mechanisms, enhancing operational efficiency and adaptability (Ali et al., 2021). Therefore, trust reduces transaction costs of managing IJVs and motivates the partners to openly share the information with each other (Ali et al. 2021). This in turn enhances the IJV performance. Based on the above discussion, the following proposition is developed:

Proposition 5: Inter-partner trust enhances the IJV performance.

Effective communication

Effective communication is critical for coordinating activities, aligning strategic objectives, and managing relational dynamics within IJVs (Glaister & Buckley, 1996; Parkhe, 1993). Studies emphasize that both the frequency and quality of communication influence IJV performance by fostering mutual understanding and enabling timely conflict resolution (Ali et al., 2021). Poor communication increases relational uncertainty and strategic drift. Hence quality of communication not only enhances the inter-partner understanding but also leads to enhance IJV performance. Based on the above discussion, the following proposition is developed:

Proposition 6: Effective Inter-partner communication enhances the IJV performance.

Cultural adaptation

Cultural adaptation refers to the extent to which partners accommodate and integrate each other's organizational and national cultures. Differences in cultural values, management styles, and communication norms can lead to misunderstandings and conflict (Luo, 1997; Parkhe, 1991). Successful IJVs implement deliberate cultural adaptation strategies, such as cross-cultural training and hybrid governance practices, to bridge cultural divides and strengthen relational cohesion (Ali et al., 2021; Nielsen, 2007). Without cultural bridging, there will be more conflicts between IJV performance, and finally IJV performance will be reduced. Based on the above discussion, the following proposition is developed:

Proposition 7: Inter-partner cultural adaptation enhances the IJV performance.

Ownership structure

Ownership structure directly impacts control rights, decision-making authority, and incentive alignment within IJVs. Higher equity stakes often lead to greater control but may also increase relational tensions if not carefully balanced (Geringer, 1991; Reuer et al., 2002). More recent research emphasizes that ownership structures must evolve over time to align with shifting strategic priorities and relational dynamics (Reuer & Ragozzino, 2014). However, it is mentioned that balanced or equal ownership between IJV gives equal decision-making rights to both partners and therefore partners remain committed to IJVs. Hence, the resulting IJV performance would be high. Based on the above discussion, the following proposition is developed:

Proposition 8: Balanced (i.e. 50-50) equity share between IJV partners enhances the IJV performance.

Resource complementarity

The degree of complementarity between partner resources such as technology, market access, or managerial capabilities is a key predictor of IJV success (Geringer, 1991; Luo, 1997). High resource complementarity enables partners to generate value that exceeds individual contributions. Therefore, enhancing competitive advantage and venture stability (Yan & Gray, 1994). Partners effectively cooperate with each other when their resources invested in IJV are complementary, which in turn enhances the IJV performance. Prior research also suggests that resource complementarity reduces inter-partner opportunism because each partner focuses on its resources and strengths instead of stealing the other partner's resources (Hennart & Zeng, 2005). This in turn enhances the IJV performance. Based on the above discussion, the following proposition is developed:

Proposition 9: Resource complementarity between IJV partners enhances the IJV performance.

2.6 Framework of the study

The literature on international joint ventures highlights the combined influence of pre-formation and post-formation factors on IJV performance. Success in IJVs is rarely determined by a single variable but rather by the interaction of strategic, relational, and operational elements that evolve throughout the venture's lifecycle (Geringer, 1991; Nippa & Reuer, 2019). A lifecycle approach emphasizes that the conditions under which IJVs are formed, and the way they are managed afterward, jointly shape their outcomes. This section draws on the preceding literature review to present a conceptual framework that captures this dynamic relationship and serves as the foundation for empirical analysis.

The conceptual framework, presented in Figure 1, synthesizes the pre-formation and post-formation determinants identified in the literature. This framework serves as the basis for empirical investigation and coding structure in the subsequent chapters. The framework integrates a set of performance determinants identified in prior sections into a single model. Framework includes pre-formation factors such as partner reputation, prior experience with partner, firm size, and host country risk. These factors shape the initial structure and expectations of the venture. It also includes post-formation factors that emerge during the operational phase. These are relational factors like trust, communication quality, and cultural adaptation, as well as structural factors such as level of equity ownership, and resource complementarity. The model reflects the understanding that IJV performance results from how these factors affect performance.

Pre-formation factors are viewed as foundational to the venture's design and early trajectory. A partner's reputation and prior experience contribute to initial trust and predictability, reducing relational uncertainty in the early stages (Inkpen, 1995; Luo & Shenkar, 2006). Firm size contributes to asset stability, while assessing host country risk supports more informed strategic positioning. Together, these conditions shape early

alignment between partners and support a smoother transition into collaboration. While pre-formation choices do not guarantee success, they significantly influence the relational groundwork upon which post-formation dynamics unfold.

Post-formation factors become increasingly important as the IJV moves into execution and maturity stages. Trust must be continually reinforced through transparent practices and fair decision-making (Child & Yan, 2003; Nielsen, 2007). Effective communication fosters alignment and supports conflict resolution, while cultural adaptation helps navigate institutional and organizational differences (Ali et al., 2021; Parkhe, 1991). Structurally, shared ownership, complementary resources contribute to operational flexibility and resilience (Reuer et al., 2002). The conceptual model is shown in Figure 1. maps the relationship between these pre- and post-formation factors and IJV performance outcomes. By incorporating a lifecycle perspective, the model reflects the dynamic nature of joint ventures and provides a framework for examining how initial decisions and evolving relational conditions together influence long-term success.

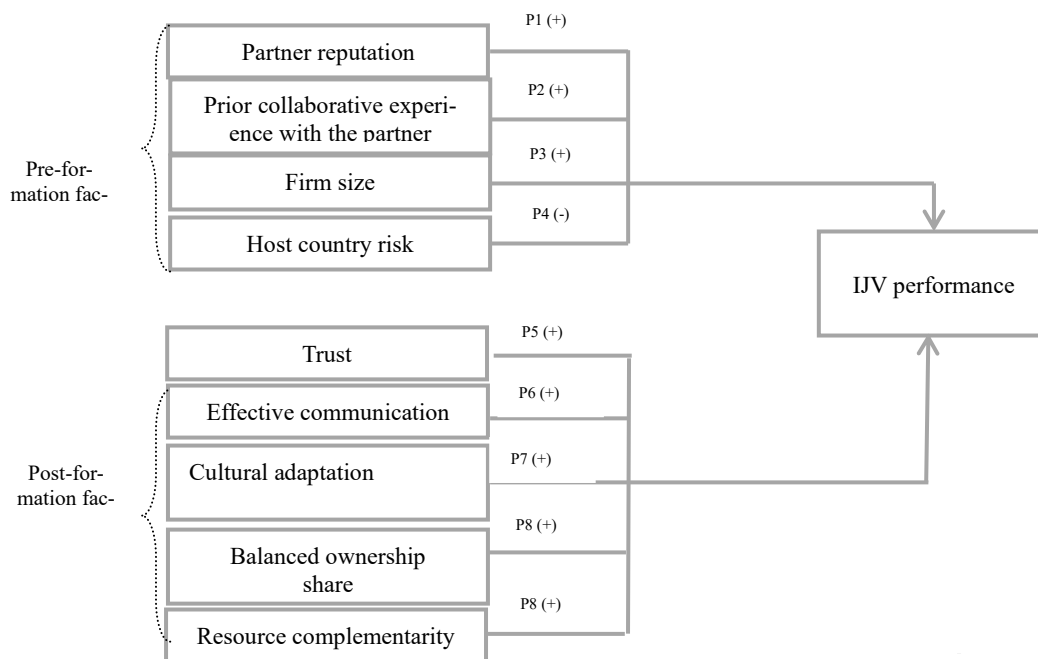


Figure 1. Proposed model of the study

3 Research methodology

3.1 Research approach

This study adopts a qualitative research approach, reflecting the need to explore factors influencing the performance of international joint ventures in manufacturing-related industries. Qualitative methodology is particularly suited for this research because it enables an in-depth understanding of how managers and decision-makers experience and interpret the determinants of IJV success (Creswell, 2014; Saunders, Lewis, & Thornhill, 2019). Unlike quantitative research, which seeks to measure variables and test hypotheses statistically, qualitative research emphasizes subjective meanings, interpretations, and the richness of lived experiences.

The study adopts a reductive reasoning approach (Creswell, 2014; Saunders et al., 2019). Study builds on prior existing literature on determinants of IJV performance, and develops a conceptual framework. Further, information was gathered through a semi-structured interview with a manufacturing firm actively involved in multiple international joint ventures. The research focuses on this single firm, using its IJV experiences to investigate how different factors influence performance. While the original aim was to conduct interviews with several companies, more than twenty firms declined participation, and time limitations necessitated a refinement of scope. The study thus adopted a concentrated single-case design, emphasizing analytical depth within a consistent organizational context. This approach enables exploration of how strategic choices and relational dynamics evolve throughout different phases of the IJV lifecycle.

3.2 Research methodology

Qualitative case study design is used to examine the determinants of international joint venture performance within the manufacturing sector, focusing on a single firm engaged in multiple joint ventures. The case study approach is appropriate for research that investigates contemporary phenomena in their real-world organizational settings, where the boundaries between the phenomenon and its context are not clearly defined. IJV performance is shaped by the interaction of strategic, relational, and contextual factors that evolve throughout the venture's development. A case study allows for detailed analysis of these interdependencies. Studying several joint ventures within one firm enables the researcher to compare distinct partnership experiences while controlling firm-level variables such as organizational culture, managerial structures, and strategic intent. The findings aim to contribute to analytical generalization, whereby the theoretical insights drawn from the case are intended to refine and extend existing conceptual frameworks, rather than generalize statistically to a broader population (Yin, 2018).

The participating Finnish company operates multiple international joint ventures, offering valuable comparative insight into distinct partnership experiences within a single organizational context. The case was selected using purposive sampling, targeting an information-rich setting in which the interviewee held direct responsibility across several IJVs. This approach supports the study's goal of generating theoretically grounded insights into IJV performance, rather than aiming for statistical generalization. The participant's cross-cutting role across several ventures provided a uniquely integrated perspective that would be difficult to replicate across multiple firms.

The use of a semi-structured interview enabled a systematic and flexible exploration of key themes related to international joint venture performance (Saunders et al., 2019). This format allows the interviewer to ensure coverage of core issues while also adapting to the specific insights offered by the participant, who had direct experience managing multiple IJVs. The approach supported both the identification of performance determinants anticipated by literature and the emergence of new themes grounded in practical

experience. This method aligns with the study's deductive orientation. Thematic coding was applied to the interview transcript to extract patterns across different joint venture experiences, thereby facilitating a grounded understanding of how strategic and relational factors influence IJV performance over time.

3.3 Research design strategy

Single-case study design is adopted combined with thematic analysis to investigate the determinants of international joint venture (IJV) performance. The case study method is well-suited for exploring complex, context-dependent phenomena such as IJVs, particularly when strategic, relational, and organizational factors interact over time. The selected firm manages multiple IJVs, offering an opportunity to examine varying partnership dynamics within a stable institutional setting. This enables internal comparison while holding constant key firm-level attributes such as governance structures, managerial practices, and strategic priorities. The design supports deep analysis of how pre-formation and post-formation factors influence joint venture outcomes. By focusing on one company with several IJVs, the study enables analytical generalization, wherein theoretical insights are derived from empirical patterns rather than inferred through statistical inference (Yin, 2018).

The selected company serves as the core case, with semi-structured interview used to gather detailed qualitative data. The participant interviewed held senior-level responsibility across multiple international joint ventures, offering strategic, statistical and operational perspectives on IJV performance. While the original research design considered including additional firms, the final methodology focused on this information-rich case due to access and time limitations. The semi-structured format allowed for consistent thematic coverage while enabling flexibility to explore unexpected insights. Thematic analysis was applied to interpret the interview data, following the procedures outlined by Braun and Clarke (Braun & Clarke, 2006). This method is particularly well suited to

reductive research, as it enables the identification of both anticipated themes from the literature and novel patterns grounded in the participant's lived experience.

The selection of the case followed a purposive sampling strategy to ensure that each firm meets the study's research objectives. Eligible companies must be currently involved in, or have recently completed, an international joint venture, operate within the manufacturing sector, and offer access to knowledgeable informants. These criteria ensure the relevance and depth of the collected data. A sample size of three to six IJVs was targeted to allow for thematic saturation while remaining feasible within the scope of a master's thesis. As noted by Yin (2018), careful case selection enhances analytical generalization by capturing variation across experiences, thereby supporting a broader understanding of IJV performance determinants.

Participant recruitment was conducted through professional channels such as email, phone, LinkedIn and existing industry contacts. Only one company agreed to participate in the study. The selected firm operates several international joint ventures, making it suitable for generating comparative insights within a single organizational setting. The participant, a senior executive with responsibility across multiple IJVs, was informed about the study's objectives, ethical protocols, and data protection measures before providing consent. Ethical standards concerning confidentiality and data security were followed throughout the process. Although the original design envisioned multiple cases, the final approach focused on a single company. Given this firm's extensive involvement in several IJVs, it still provided a valuable basis for internal comparison. This adjustment remained consistent with the inductive and qualitative nature of the study. Thematic analysis provided a structured yet adaptable framework to examine how pre-formation and post-formation factors influence IJV performance in the manufacturing sector.

3.4 Data collection and analysis techniques and procedures

3.4.1 Sampling technique and sample size

A purposive sampling approach is used to identify participants with extensive experience in managing international joint ventures within the manufacturing sector. Purposive sampling enables the intentional selection of cases that are most likely to yield rich, relevant insights into the research questions (Etikan, Musa, & Alkassim, 2016). While the original plan was to include several companies, one firm agreed to participate and provided detailed access to three distinct IJVs under its management. Although limited to a single organization, the case captures varied joint venture experiences within a consistent organizational context, thereby supporting analytical depth and internal comparability in line with the principles of qualitative case study design (Yin, 2018).

3.4.2 Data collection

Data was collected through semi-structured interviews, a method that offered both consistency in guiding questions and the flexibility to explore specific themes in greater depth based on participant responses (Saunders, Lewis, & Thornhill, 2019). The interview was conducted via video conferencing to accommodate logistical preferences and ensure accessibility. The interview lasted approximately an hour. Prior to the session, the participant was informed about the study's objectives, the voluntary nature of participation, and the ethical protocols governing confidentiality and data protection. As none of the selected IJVs have reached a formal closure, transformation, or dissolution, the data collected does not encompass the end-stage of the joint venture lifecycle. This limitation is acknowledged and reflected in the interpretation of findings, which remain confined to pre-formation and post-formation dynamics.

3.4.3 Semi-structured interview structure and operationalization

The semi-structured interview guide was developed based on the conceptual framework established in the literature review. It was organized around two core themes: factors influencing IJV performance before formation and those arising after formation. These themes were translated into open-ended questions addressing key constructions such as partner reputation, prior experience, firm size, host country risk, trust development, communication quality, cultural adaptation, ownership structures, resource complementarity, and interdependence. The interview guide was developed directly from the conceptual framework, ensuring that each pre- and post-formation determinant was explored empirically through questions aligned with the proposed propositions. The complete guide is provided in Appendix 2.

3.4.4 Recording of data

With the consent of participants, the interview was audio-recorded to ensure accurate data capture. Field notes were taken during the interview to record non-verbal cues, contextual factors, and initial impressions. Audio recordings were transcribed after interview session. To enhance data credibility, participant was given the opportunity to review their transcripts.

3.4.5 Data analysis

Thematic analysis was employed to analyze the collected data (Braun & Clarke, 2006). This approach involved systematically coding the transcripts to identify recurring patterns and themes relevant to the determinants of IJV performance. An inductive orientation guided the initial phase of coding, allowing themes to emerge organically from the data while remaining informed by the study's conceptual framework. The analysis proceeded through familiarization with the data, generation of initial codes, identification and review of potential themes, and final definition and refinement of thematic

categories. In addition, cross-case analysis was conducted to explore similarities and variations across the joint ventures, thereby strengthening the analytical generalizability of the findings.

3.5 Validity and reliability

In qualitative research, validity and reliability are understood through the lenses of credibility and dependability rather than statistical accuracy (Lincoln & Guba, 1985). Member checking was carried out by allowing the participant to review the interview transcript and confirm the accuracy of the recorded data, ensuring that the insights truly reflected their experiences. Thematic consistency was supported through cross-case comparison within the participating firm's multiple IJVs, enabling the identification and validation of recurring patterns (Yin, 2018). Furthermore, a clear chain of evidence was maintained through detailed documentation of interview protocols, coding decisions, and theme development.

Dependability was addressed by following a systematic and transparent research process. A semi-structured interview guide (Appendix 2) was used to ensure thematic consistency across the discussion while still allowing flexibility to explore context-specific issues in depth. Audio recordings, verbatim transcriptions, and field notes were utilized to enhance both the precision and replicability of the findings. Together, these practices aimed to ensure that the study's results are credible, trustworthy, and transferable in line with established qualitative research standards.

4 Empirical findings

4.1 Characteristics of IJVs

Empirical data was gathered through a semi-structured interview from a Finnish manufacturing firm actively engaged in three distinct international joint ventures, referred to as IJV1, IJV2, and IJV3. The Finnish parent company is a large player in the manufacturing sector for unnamed industry. For the purposes of confidentiality and in accordance with research ethics protocols, the identities of the interviewee, parent firm, and joint venture partners remain anonymous. All three IJVs operate within the same industry sector as the parent company, yet they differ in strategic orientation, operational scope, and structural configuration. This variation allows for a comparative exploration of shared ownership arrangements, partner interdependence, and contextual dynamics across different international collaborative settings.

IJV1 is the firm's most established international partnership, formed in 1990 with two European partners in Poland. The ownership structure reflects a majority position held by the parent company with 51% while the remaining equity is divided between the two partners. Operating partner with 34% and third party non-operating stakeholder 15%. This distribution has supported a governance model that maintains strategic control while fostering cooperative alignment. IJV1 has developed into the oldest and the largest IJV the parent company has with 35 years of activity.

IJV2 was established in 2018 with a partner based in China, expanding the parent firm's operations in the Asia Pacific region. The ownership structure assigns an 80% majority stake to the parent company and 20% to the partner in China, reflecting a governance arrangement where strategic and operational control is largely retained by the parent company. Parent company also has a regional headquarters in China, providing additional local presence. Despite this, the joint venture operates in what the interviewee described as a challenging market, marked by cultural differences and challenges in the

partnership relationship. The parent company has encountered obstacles related to local legislation and partner cooperation.

IJV3 represents a partnership formed to scale production capabilities in the parent company's local market, Finland. IJV is formed with a North American global partner. Ownership structure in IJV is 50% parent company and 50% partner company. This joint venture was established to improve collaboration innovation, sustainability, and technology commercialization. IJV was formed in 2025, therefore the interviewee was not able to answer financial performance questions. Although the three IJVs operate under the same parent company and within the same industry, they differ notably in performance, partner locations, ownership structures, and relationship dynamics. These differences offer insight into how structural and relational elements interact with external factors throughout the joint venture lifecycle. Examining these joint ventures in a shared organizational setting allows the study to highlight both similar and differing patterns in the factors that shape IJV performance, therefore contributing to the academic and practical understanding of international joint ventures (Nippa & Reuer, 2019).

4.2 Characteristics of interviewees

The empirical data was obtained through a semi-structured interview with a senior executive from the parent company. The interviewee has a long tenure within the organization and holds both strategic and operational responsibilities in all three joint ventures examined. Interviewee's role provides access to aspects of IJV governance, financial performance, and partner coordination. Interviewee contributes to decisions concerning joint venture structuring and jurisdictional matters. Interviewees responsibilities are more than sufficient to offer a comprehensive perspective on the mechanisms that underpin joint venture performance. The depth of the interviewee's involvement across all three IJVs ensures that the data are both substantive and contextually rich. Interviewees cross-functional role allows for insight into strategic decision-making as well as operational execution, enhancing the empirical foundation of the study. This perspective is

particularly valuable given the study's focus on structural and relational determinants of IJV performance.

4.3 Pre- and Post formation determinants of IJV performance

4.3.1 Case 1

IJV1 was established in 1990 in Poland and represents the earliest international joint venture formed by the parent company. In the beginning, ownership was divided among three parties: the parent company held a 51 percent majority share, the partner company held 34 percent, and the remaining 15 percent was owned by a third party non-operating stakeholder. This ownership structure has remained stable over time, and the joint venture continues to operate. According to the interviewee, IJV1 marked the company's first strategically significant joint venture. At the time of the interview, the parent company employed approximately 4,700 people globally, however a brief follow-up phone inquiry with the interviewee clarified that IJV1 employed approximately 60 persons in Poland.

Prior to the formation of IJV1, the parent company already maintained a manufacturing presence in Poland. The joint venture itself was established as a new legal entity, not through acquisition or integration. The pre-formation relationship between the companies was limited to supply contracts, indicating some degree of commercial familiarity. This context suggests that the joint venture was initiated on a foundation of limited but functionally relevant interaction.

Multiple formation-related aspects were evaluated using a five-point Likert scale (1 = very low, 5 = very high). The role of the partner company's reputation in the formation decision was rated as 3 (medium). While acknowledged as relevant, reputation was not seen as decisive. Instead, the partner's technological assets and proprietary capabilities were viewed as the primary motivation for entering the partnership. The perceived complementarity of resources between the firms also received a medium rating (3),

reflecting the view that while each firm brought valuable contributions, the overall synergy was moderate. Similarly, host country risk at the time of entry was rated 3 (medium). Although the respondent did not elaborate on specific political or economic risks, the score suggests a balanced view of the operating environment in Poland.

Post-formation dynamics were also assessed on the same five-point scale. The quality, frequency, and openness of communication between the partners was rated as 3 (medium). This suggests that communication processes were sufficient for operational coordination. A similar rating of 3 (medium) was given to the efforts made to address cultural differences. The respondent indicated that formal cultural training or structured interventions were not prioritized. Instead, the parent company relied on a localized operational model within Poland, which was seen as an effective way to align with the local context without intensive cross-cultural programming.

In terms of performance outcomes, the interviewee reported a high level of satisfaction with the overall performance of IJV1, assigning a rating of 4 (high). Satisfaction with the financial performance was also rated 4 (high), indicating that the venture met or exceeded financial expectations over time. The relationship with the partner company, in contrast, was assessed as 3 (medium), reflecting a steady but not deeply integrated partnership. Finally, the degree to which the joint venture met the parent company's original strategic objectives was rated 4 (high). The venture was credited with supporting internationalization and long-term continuity, thus validating its role as a core element of the company's expansion strategy.

4.3.2 Case 2

IJV2 was established in 2018 in China as a joint venture between the parent company and a local partner company. At inception, the ownership structure was defined such that the parent company held an 80 percent majority stake, and the partner company held the remaining 20 percent. The joint venture remains operational and active. According to the interviewee, IJV2 was not the first international joint venture undertaken

by the parent company. Rather, it followed two to three smaller-scale joint ventures completed prior to this engagement. Based on a brief follow-up phone inquiry with the interviewee, it was clarified that IJV2 employed approximately 200 individuals locally in China. The joint venture was established as a new legal entity formed jointly by both parties. Prior to the formation of IJV2, the parent company maintained a presence in China through an APAC headquarters in a large city in China, as well as established production and sales operations. The partner company had previously collaborated with the parent company indicating an existing formal partnership.

Several pre-formation considerations were evaluated using a five-point Likert scale (1 = very low, 5 = very high). The reputation of the partner company was rated 3 (medium), reflecting a neutral perception. The complementarity of resources between the two firms was rated 4 (high), indicating that the companies brought valuable but distinct assets to the joint venture. The perceived risk of entering the Chinese market at the time of formation was rated 5 (very high). According to the interviewee, this assessment reflected concerns primarily associated with the complexity of the legal and regulatory environment.

Post-formation relational dynamics were also assessed. The quality, frequency, and openness of communication between the partners was rated 4 (high), suggesting that communication processes were well-established and sufficiently frequent. Efforts to address cultural differences were rated 3 (medium). While some attention was paid to cultural aspects, no extensive programs or interventions were described. The venture relied in part on local management practices and adaptation at the operational level.

In terms of outcomes, overall satisfaction with the joint venture's performance was rated between 2 and 3, indicating a modest to low level of satisfaction. Financial performance was rated 3 (medium), suggesting that while the venture was financially stable, it did not exceed expectations. The relationship with the partner company was rated 1 (very low), reflecting persistent challenges and misalignment throughout the collaboration. The extent to which the joint venture met the parent company's strategic objectives was rated between 2 and 3, indicating partial underperformance relative to initial expectations.

The interviewee noted that the venture would continue operating, but highlighted challenges related to the difficulty of navigating Chinese legal structures. Lessons learned from the experience included the importance of understanding local legislation thoroughly and negotiating detailed contractual terms in advance.

4.3.3 Case 3

IJV3 was established in 2025 in Finland as a 50-50 joint venture between the parent company and a partner company. The joint venture remains active at the time of writing and represents the most recent international joint venture initiated by the parent company. According to the interviewee, several joint ventures had been established prior to IJV3, providing the firm with substantial prior experience. In a brief follow-up phone inquiry with the interviewee, it was confirmed that the number of personnel employed within IJV3 has not yet been determined, as the joint venture remains in an early operational phase.

The joint venture was established as a new legal entity and was not the result of the acquisition or integration of existing operations. Finland, as the parent company's home country, served as the domestic base for this collaboration. Notably, there was no prior contractual, strategic, or informal relationship between the parent and partner companies prior to the formation of IJV3, indicating that the partnership was initiated without a foundation of previous cooperation.

A five-point Likert scale (1 = very low, 5 = very high) was used to evaluate various pre-formation factors. The reputation of the partner company was assessed as 3 (medium), indicating a neutral stance regarding its perceived credibility. The complementarity of resources between the firms was rated 4 (high), suggesting that the partner was seen as contributing significantly distinctive capabilities to the venture. The country risk associated with the Finnish market was rated 1 (very low), reflecting a perception of high political, legal, and economic stability.

Post-formation operational and relational dynamics were similarly evaluated. The quality, frequency, and openness of communication between the partners was rated 4 (high), suggesting consistently constructive dialogue. The efforts made to address cultural differences received a rating of 3 (medium). While no formal training or structured cross-cultural programs were implemented, the existence of a localized organizational model was acknowledged as supporting effective collaboration. Due to the early stage of operations, no formal ratings were assigned for overall satisfaction, financial performance, or strategic objective fulfilment. The relationship with the partner company was, however, rated 4 (high), indicating an early sense of mutual trust and alignment. The joint venture is expected to continue, and the interviewee emphasized that selecting an appropriate partner is critical for ensuring early success in such collaborations.

4.4 Cross-case analysis and general model of pre and post formation determinates of IJV performance

All the joint ventures examined were newly established legal entities. None were the result of acquisition or integration of existing operations, although the ownership arrangements varied across the three cases. IJV1 was structured with the parent company holding a 51 percent majority stake, the partner company owning 34 percent, and a third party non-operating stakeholder holding the remaining 15 percent. IJV2 adopted a more imbalanced approach, with the parent company holding 80 percent of the shares and the partner company retaining 20 percent. IJV3 was formed as an equal joint venture with a 50–50 ownership split. These structural choices reflect differing levels of control and partnership symmetry at the outset. However, the parent company seems to prefer owning at least 50 percent of the IJVs.

The pre-existing relationships between the joint venture partners varied in substance. IJV1 was preceded by a limited commercial relationship based on supply contracts. In IJV2, the parent and partner companies had already worked together, indicating a

longer-term relationship. IJV3 was formed without any previous interaction between the companies. Operational presence in the host country also differed: the parent company had existing operations in both Poland and China at the time IJV1 and IJV2 were formed. IJV3, however, was established in the parent company's home country. In terms of size, IJV1 operated within the context of a global workforce of approximately 60 employees, while IJV2 employed around 200 individuals. The scale of IJV3 remained undetermined at the time of data collection, as the entity was in its early operational phase.

When asked to evaluate the partner company's reputation, the interviewee assigned a moderate score to all three cases. On a five-point Likert scale, each received a rating of 3. However, perceptions of partner complementarity differed. IJV1 was again rated 3, whereas IJV2 received the highest rating of 5, and IJV3 scored 4. These results indicate that resource alignment was viewed more favorably in IJV2 and IJV3. The perceived country risk at the time of formation reflected the respective national contexts. IJV1 was rated as medium risk, IJV2 as very high, and IJV3 as very low. Despite the high-risk assessment, IJV2 was formed and continued to operate, suggesting that other motivating factors were deemed more influential during the decision-making process.

Post-formation collaboration varied across the three ventures. The quality of communication between joint venture partners was rated as moderate in IJV1 and high in both IJV2 and IJV3. These ratings indicate that IJV2 and IJV3 achieved more effective operational communication. Cultural integration efforts were limited throughout. Structured cultural training or formal integration programmes were not introduced in any case. Instead, the ventures relied on localized operations and informal management practices to address cultural alignment. Ratings for cultural adaptation were 3 in IJV1 and IJV3, and 2 in IJV2, suggesting that cultural differences were managed with varying levels of informal emphasis.

The working relationship between the parent and partner companies also exhibited variation. IJV1 was rated as moderate, reflecting a functioning but not highly integrated

partnership. IJV2 received the lowest rating of 1, indicating relational challenges. In contrast, IJV3 was rated 4, despite the absence of prior collaboration. These assessments suggest that a long history of cooperation does not necessarily predict favorable relational outcomes. Financial performance was rated high in IJV1 and moderate in IJV2. IJV3 was not assessed due to the early stage of its operations. Overall satisfaction followed a similar pattern, high in IJV1, between low and moderate in IJV2. IJV3 was not evaluated on overall satisfaction. The extent to which the joint venture had met the parent company's original strategic objectives was rated accordingly, 4 in IJV1, between 2 and 3 in IJV2, and unassessed in IJV3. While IJV2 displayed signs of relational breakdown and strategic misalignment, which could potentially lead to future dissolution or restructuring, the absence of any finalized exit or transformation prevents classification of this case as empirically representative of the end stage.

Several cross-case patterns can be observed from empirical findings. The strongest perceived resource complementarity was reported in IJV2, yet this was not accompanied by positive relationship dynamics or high satisfaction. By contrast, IJV3, despite being a new partnership, demonstrated strong early-stage collaboration and partner alignment. Country risk assessments varied significantly, but all three ventures proceeded regardless of perceived institutional risk. Communication quality was highest in IJV2 and IJV3, both of which also had greater perceived resource alignment. Cultural integration efforts were limited across all three ventures, with reliance on informal and decentralized approaches. Firm size appeared to have very little influence, even though IJVs are different sizes. Results are summarized in table 1. below.

Category	Constructs	IJV1	IJV2	IJV3
Pre-formation factors	Partner reputation	Medium	Medium	Medium
	Prior collaborative experience with the partner	Yes	Yes	No
	Firm size	Missing	Missing	Missing
	Host country risk	Medium	High	Low
Pre-formation factors	Trust	Medium	Low	High
	Communication	Medium	High	High
	Cultural adaptation	Medium	Low	Medium
	Ownership	Asymmetric	Asymmetric	Symmetric
	Resource complementary	Medium	High	High
Performance		High	Low	Missing

5 Conclusions

5.1 Summary and discussion of the key empirical findings

The empirical investigation of the three international joint ventures IJV1, IJV2, and IJV3 provides clear evidence on how both pre-formation and post-formation factors influence joint venture performance. Consistent with the objective of identifying and contextualizing key performance determinants, the findings reveal how theoretical constructions introduced in the literature such as resource complementarity, partner selection, governance structure, and coordination quality display in real-world operational contexts. Although each joint venture was established to support the parent company's strategic internationalization through local collaboration, the ventures' performance trajectories varied, reflecting different configurations of partner attributes, institutional environments, and post-formation practices.

Favorable partner reputation was proposed to enhance IJV performance. However, the empirical evidence does not support Proposition 1. In all three cases, the partner's reputation was consistently rated as medium, yet the performance outcomes varied considerably. This variation suggests that a medium level of partner reputation alone does not account for IJV success. While partner reputation may influence initial partner selection and signal credibility, the findings indicate that partner reputation does not correlate reliably with performance.

Prior collaboration appeared to have a limited influence on IJV outcomes, providing no empirical support for Proposition 2. Both IJV1 and IJV2 were established with partners with whom the parent firm had collaborated previously, yet their outcomes diverged: IJV1 achieved strong overall performance, while IJV2 experienced persistent relational and strategic challenges. In contrast, IJV3 was formed without any prior collaboration and demonstrated the strongest early relational alignment and mutual trust. While the financial performance of IJV3 could not be assessed due to its early operational stage,

its initial relational quality challenges the assumption that pre-existing familiarity ensures smoother cooperation.

Proposition 3 suggested that larger firm size enhances IJV performance. The parent company in this study, a large multinational firm with approximately 4,700 employees, consistently served as the majority or equal partner across all three IJVs. While this organizational scale likely facilitated initial partner credibility and operational setup, the performance outcomes varied significantly across the cases. JV1 benefited from long-term stability and strategic alignment, which may partly reflect the parent company's capacity to maintain control and continuity. In contrast, JV2 underperformed, suggesting that firm size does not guarantee positive performance. However, with larger firm size, the parent company has been able to sustain long-term IJV 1 and expand to high-risk markets like China. The findings indicate that while firm size provides important enabling conditions, its impact on performance depends on how effectively those capabilities are applied within specific relational and institutional contexts.

Host country risk was found to influence IJV performance, providing support for Proposition 4. IJV2, established in China, was rated as very high risk and experienced significant challenges in coordination, resulting in low relational. In contrast, IJV3, formed in the parent company's home country of Finland, was rated as very low risk and demonstrated smoother early-stage dynamics and stronger partner alignment. IJV1, situated in a medium-risk environment in Poland, achieved stable performance, further suggesting that institutional context moderates IJV outcomes. These findings indicate that higher host country risk can complicate governance and weaken IJV performance.

Inter-partner trust emerged as a central factor influencing IJV performance, providing support for Proposition 5. JV2, which received the lowest trust-related evaluation with a partner relationship score of 1, also performed the weakest overall. In contrast, JV3, despite having no prior collaboration, demonstrated strong early-stage trust and partner relationship. JV1, rated moderately on trust, achieved stable and high performance.

These findings suggest that trust, even when developed post-formation, plays a decisive role in enabling cooperation, mitigating conflict, and sustaining joint venture performance. These findings align with existing literature emphasizing the role of trust, and continuous dialogue in enabling successful joint operations (Ali et al., 2021).

Communication quality varied modestly across the cases, offering only partial support for Proposition 6. IJV2 and IJV3 were both rated highly in terms of openness and frequency of communication, whereas IJV1 received a moderate score. IJV3's strong early-stage relational outcomes align with its high communication score, suggesting a positive link. However, JV2 underperformed despite high communication quality, indicating that communication alone does not guarantee success. These findings suggest that while effective communication facilitates cooperation, its impact is dependent on other relational and strategic conditions.

Cultural adaptation efforts were moderate across all IJVs. However, they used local organizations in each host country, offering support for Proposition 7. None of the IJVs implemented formal cross-cultural training or structured intercultural initiatives. Instead, integration relied on informal practices such as localized staffing. IJV2, which operated in a high cultural distance experienced strained partner relations and low trust. In contrast, IJV3 reported stronger relational outcomes despite relying on similar informal methods, likely aided by operating in parent company's home market. These findings indicate that cultural adaptation plays a meaningful role in shaping IJV performance, particularly in culturally distant contexts. While informal adaptation appeared sufficient in IJV1 & IJV3, where cultural distance was low, the lack of structured cultural integration in IJV2 operating under high cultural distance with weak relational outcomes and underperformance. This suggests that in high-distance environments, more deliberate cultural adaptation mechanisms may be necessary.

Equity structure did not show a consistent relationship with IJV performance, offering no empirical support for Proposition 8. IJV2 and IJV1 both employed asymmetrical

ownership models but differed significantly in performance, with IJV1 succeeding and IJV2 underperforming. JV3, the only case with a balanced 50–50 equity structure, demonstrated promising early relational outcomes, but its financial performance could not yet be assessed. Across all cases, the parent company showed a preference for retaining at least 50% ownership, suggesting a strategic desire for control rather than a performance-driven rationale. These results indicate that ownership balance alone does not predict IJV success and may be secondary to factors such as governance quality and strategic alignment.

All three IJVs were assessed to have moderate to high levels of resource complementarity, but the performance outcomes do not support a positive correlation, offering no empirical support for Proposition 9. JV2 received a high complementarity rating yet underperformed in both strategic and relational factors. IJV1, rated as medium, achieved the strongest overall performance, while IJV3, also rated high, demonstrated strong relational indicators but lacks financial performance data due to its early stage. These findings suggest that resource complementarity may facilitate IJV formation but does not, on its own, explain variations in performance.

The results reinforce the conclusion that both pre-formation and post-formation dynamics such as host country risk, trust, and cultural adaptation, play a decisive role in shaping IJV performance. Propositions 4, 5 & 7 received the strongest empirical support. Whereas, factors traditionally emphasized in IJV literature such as partner reputation, prior collaboration, equity balance, and resource complementarity did not correlate reliably with performance in this study. (Luo, 2002; Hennart, (1988); Ali et al., 2021)

5.2 Theoretical contributions

This study contributes to the literature on international joint ventures by offering empirically grounded insight into how pre-formation and post-formation stages jointly influence performance outcomes. Through a comparative analysis of three distinct IJVs

embedded in varying institutional and operational environments, the findings extend existing theory by demonstrating that IJV success results not from isolated drivers but from the interaction between resource fit, governance structure, and relational coordination. A central theoretical contribution lies in refining the understanding of resource complementarity. While the strategic rationale for combining complementary assets was evident, particularly in IJV2 and IJV3.

The findings suggest that complementarity alone does not ensure positive outcomes. Effective governance and mutual commitment remain essential for translating resource fit into performance. For instance, IJV2 underperformed despite high resource fit, primarily due to coordination challenges and limited partner engagement. This supports evolving perspectives which argue that strategic synergy must be supported by effective post-formation integration mechanisms to translate into performance gains (Ren et al., 2022). These findings contribute to a broader understanding that resource complementarity serves as a necessary but not sufficient condition for success, emphasizing the value of holistic integration frameworks. The findings related to Propositions 1 and 2 contribute to the theoretical understanding of how partner reputation and prior collaborative experience influence IJV performance. While existing literature typically associates strong reputational signals and historical collaboration with improved interfirm outcomes, the case of IJV3 slightly challenges this assumption. Despite the absence of prior collaborative experience and limited partner reputation at the outset, IJV3 achieved high relational quality and strategic alignment in its early stages. This outcome was facilitated by emergent trust and effective local integration mechanisms. These findings suggest that while reputation and prior ties may offer advantages, they are not necessary conditions for success. Instead, the performance of IJVs may depend more on dynamic, context-specific trust-building practices, reinforcing recent theoretical shifts that emphasize situational mechanisms of inter-partner cooperation.

The findings provide empirical support for Proposition 3, indicating that larger firm size can enhance IJV performance under specific conditions. The parent company, with

approximately 4,700 employees, consistently held at least a 50% ownership stake in all three IJVs and demonstrated the capacity to manage operations in diverse institutional environments. Notably, IJV1, which exhibited the strongest strategic and financial performance, benefited from the parent company's ability to maintain long-term continuity and strategic alignment, both of which were enabled by its organizational scale. Moreover, the parent firm's size facilitated entry into high-risk environments such as IJV2 and supported the resource investment and governance systems required for stable operations. Although IJV2 underperformed, its challenges were attributed to relational factors rather than structural limitations. These findings suggest that large firm size contributes to IJV performance by providing the financial, managerial, and operational infrastructure necessary for sustaining and coordinating joint ventures across varying contexts.

The study contributes to theoretical insights on institutional context, particularly in relation to Proposition 4. In the case of IJV2, operations proceeded despite high levels of perceived regulatory and political risk in the host country. This suggests that firms may be willing to accept host country risks to access partner technology or market infrastructure. By contrast, IJV3 faced minimal host country and institutional risks, which facilitated smoother coordination and execution. These findings align with recent perspectives that view host country risks not solely as a constraint, but as a factor that firms can strategically manage depending on their capabilities and objectives. Indicating, institutional conditions emerge not merely as passive contextual variables, but as dynamic elements that interact with firm-level strategy and partner selection to shape IJV performance trajectories. (Luo & Park, 2001)

Post-formation factors contributed significantly to the theoretical understanding of IJV performance, particularly in relation to Propositions 5 and 6. In both IJV2 and IJV3, open and regular communication strengthened partner relationships and supported effective coordination. This aligns with the view that collaborative value emerges from the progressive development of relational mechanisms (Madhok & Tallman, 1998). IJV3, despite lacking prior collaboration, achieved high levels of trust and communication quality,

which coincided with positive early-stage relational outcomes. In contrast, IJV2 received the lowest trust rating and experienced persistent coordination difficulties, highlighting trust as a decisive factor. Trust facilitates joint problem-solving and risk-sharing between partners, reinforcing mutual commitment in complex ventures (Madhok, 1995). These findings support the theoretical position that post-formation processes especially trust and communication affect performance and are a factor in ensuring long-term joint venture success (Luo, Shenkar & Gurnani, 2008; Hennart & Zeng, 2002).

The variation in strategic and relational outcomes across the three IJVs provides differing insight into Propositions 7, 8, and 9, reinforcing the view that IJV success is shaped by a combination of interdependent factors. IJV3, which incorporated informal cultural adaptation practices and displayed high communication and trust ratings, demonstrated promising early relational outcomes, although financial performance could not be assessed due to its early operational stage. IJV2, despite exhibiting high resource complementarity and a strategic rationale for formation, underperformed across relational and strategic dimensions. This highlights that favorable pre-formation attributes do not guarantee effectiveness. Meanwhile, IJV1, with medium complementarity and an asymmetrical equity structure, achieved the strongest overall performance. These findings suggest that cultural adaptation may contribute positively to relational dynamics (Proposition 7), but equity balance (Proposition 8) and resource complementarity (Proposition 9) alone do not explain performance. Instead, IJV effectiveness emerges from the dynamic interaction between governance practices, institutional context, and trust-based coordination over time.

Beyond validating these propositions, the study also offers a broader theoretical contribution by demonstrating the importance of integrating pre- and post-formation perspectives. While much of the prior literature addresses these stages in isolation, this study shows that the continuity and interaction between partner selection, formation motives, and ongoing coordination ultimately determine venture success. By bridging formation logic with operational realities, study contributes to a more dynamic and process-

oriented understanding of international joint ventures, with implications for both theory and managerial practice.

5.3 Managerial implications

The empirical findings yield several actionable insights for managers involved in the design and implementation of international joint ventures (IJVs). One of the most prominent themes is the interdependence between pre-formation decisions and post-formation outcomes. While initial strategic motivations such as achieving resource complementarity or market access serve as strong foundations for IJV formation, these factors alone are insufficient to guarantee success. IJV2, for instance, exemplifies how even a well-aligned resource fit can lead to disappointing outcomes when insufficient attention is given to partner engagement and coordination quality. This insight reinforces Proposition 1 by showing the necessity of integrating strategic motives with relational compatibility.

Expanding on this, the findings challenge traditional reliance on static indicators such as partner reputation or prior collaboration experience. Proposition 2 is reflected in the case of IJV3, which demonstrated the highest relational quality in the early stages despite the absence of any prior joint history. Rather than relying solely on reputational signals, successful IJVs appear to benefit more from mutual responsiveness, co-developed governance routines, and shared decision-making processes. For practitioners, this suggests that firms can achieve effective collaboration even in unfamiliar partnerships, provided there is a conscious effort to build procedural clarity and foster adaptive trust mechanisms.

Ownership structure also emerged as a key managerial consideration. While IJV3's balanced 50–50 equity model promoted mutual accountability and stronger partner commitment, IJV1 demonstrated that asymmetrical ownership does not inherently inhibit collaborative success. This observation, consistent with Proposition 8, suggests that equity allocation should not be viewed solely as a mechanism for exerting control, but also

as a strategic instrument for fostering perceived legitimacy, clarifying partner roles, and enabling accountability through compatible governance arrangements. Rather than assuming that balanced ownership is universally optimal, managers should assess how equity distribution interacts with decision rights and transparency norms to cultivate sustained mutual engagement and trust.

The host country risk addressed in Proposition 4 played a significant role in shaping both the formation rationale and early-stage operations of the IJVs. IJV2 entered a high-risk regulatory and political environment, causing problems in navigating local regulatory issues. In contrast, IJV3 encountered minimal institutional friction, which facilitated a smoother and more efficient initiation. This contrast underscores the managerial importance of host country awareness in international joint ventures. While institutional challenges may constrain operations, such risks can often be mitigated by leveraging local partner capabilities. Thus, entry into complex host countries requires not only risk assessments but also a strategic evaluation of how institutional obstacles can be addressed through partner arrangements.

Post-formation coordination practices, particularly communication, emerged as defining factors of joint venture performance. Consistent with Proposition 6, the high levels of open dialogue and frequent interaction observed in IJV2 and IJV3 contributed to enhanced relational outcomes and smoother operational alignment. In contrast, IJV1's reliance on hierarchical structures constrained its communicative agility, limiting its capacity for adaptive coordination. These findings suggest that communication should be regarded as a strategic capability rather than a functional necessity. Establishing mechanisms for iterative dialogue, expectation alignment, and joint problem-solving becomes particularly critical in contexts where formal integrative structures are absent or underdeveloped.

Cultural adaptation, or the lack thereof, offers an additional layer of insight, directly relevant to Proposition 7. None of the IJVs implemented formal cross-cultural integration

programmes; instead, they relied primarily on local staffing and informal mechanisms of adaptation. While this approach appeared effective in IJV1 and IJV3, IJV2 experienced more pronounced cultural friction, which impaired relational cohesion and operational coordination. These findings suggest that cultural distance and organizational readiness should be evaluated individually for each joint venture. In settings characterized by high cultural complexity, more formalized intercultural interventions may be necessary to reduce the risk of misalignment and ensure effective cooperation between partners.

There is no empirical support for Proposition 9, which posited that resource complementarity between IJV partners enhances performance. Studied cases demonstrate that resource complementarity may support IJV formation but does not explain performance differences on its own. Theoretical models emphasizing strategic fit must therefore account for the role of post-formation dynamics such as trust, communication, and governance structure which more directly influence whether initial complementarities translate into sustained performance benefits.

5.4 Directions for future research

The findings suggest multiple promising directions for future research on international joint ventures. One avenue involves expanding the empirical scope to include IJVs beyond a single parent firm and its specific operational contexts. As this thesis focused on three IJVs connected to one parent company, future research could benefit from cross-sectoral and cross-national research designs. Such studies would enhance the depth of findings. This allows future research to examine whether relationships between equity structure and communication quality (Propositions 6 and 8) hold across varying institutional, cultural, or regulatory environments. Exploring how these dynamics differ by geography or industry may reveal important boundary conditions and moderating factors that shape IJV outcomes.

Another important direction involves deeper investigation into the role of informal governance mechanisms and their interaction with formal structures. While much of the

extant literature emphasizes contractual arrangements and equity design, the current study emphasizes the key role of open communication, trust and relational factors in post-formation phase (Propositions 5 and 6). Future research could use long-term case studies or qualitative fieldwork to examine how informal governance develops, interacts with formal structures, and supports trust and coordination over time.

Further inquiry is warranted into partner selection criteria and the limitations of static indicators such as partner reputation and prior collaboration. The case of IJV3, which lacked previous joint experience yet exhibited strong early relational outcomes, challenges traditional assumptions embedded in Proposition 2. This suggests that behavioural traits such as managerial flexibility, responsiveness, and operational alignment may offer greater predictive value than historical ties alone. Empirical research testing these alternative criteria could refine theoretical frameworks on partner selection and improve decision-making at the formation stage of international joint ventures. Additionally, future studies should explore the end stages of IJVs, including dissolution, buy-out, or transformation scenarios, which were beyond the scope of this thesis. Long-term research designs could provide deeper insights into how strategic misalignment, partner disengagement, or environmental shifts contribute to venture closure or transition, thereby enriching the lifecycle perspective.

Institutional complexity remains a critical yet underexplored factor influencing both formation and early coordination. IJV2 demonstrated how firms may proceed with entry despite high perceived regulatory risk when the partner confers sufficient local legitimacy. This supports Proposition 4 and raises further questions about how firms assess and manage institutional uncertainty during different phases of the venture lifecycle. Future studies might examine IJVs in volatile or transitional economies to identify the mechanisms through which institutional risk is mitigated be it through adaptive governance, partner alignment, or organizational learning strategies.

The key theoretical contribution of this thesis lies in its integrative treatment of pre- and post-formation stages, as articulated in Proposition 9. While much prior research has

addressed these phases in isolation, often resulting in partial or static explanations of IJV performance, this study demonstrates that pre-formation dynamics must be examined together with post-formation dynamics. By highlighting the interdependence of design and implementation, the findings support a more holistic, process-oriented perspective.

5.5 Limitations

Several limitations should be acknowledged when interpreting the findings. A constrained research timeframe limited opportunities for broader empirical engagement. Although the in-depth interview yielded detailed insights, the absence of additional respondent perspectives reduced the potential of the research. These additional sources could have enriched contextual understanding and increased the robustness of the results. The empirical scope focused exclusively on three international joint ventures (IJVs) affiliated with a single parent company. While this approach enabled internally consistent comparison across ventures, it limited variation in organizational types, cultural configurations, and institutional environments. The patterns identified are therefore specific to a particular firm context and may not extend to IJVs formed under divergent structural or geographic conditions.

The integrative focus on both pre- and post-formation phases introduced conceptual and methodological constraints. The analysis relied on theoretical frameworks from alliance governance and international strategy, which may not fully reflect mechanisms distinctive to IJVs. Data collection from a single informant representing the parent firm further constrained the assessment of inter-partner dynamics, such as mutual trust, shared control, and conflict resolution. In addition, one of the ventures remained in an early operational phase at the time of inquiry, preventing a comprehensive evaluation of strategic or financial outcomes. These limitations highlight the value of future longitudinal research incorporating multiple stakeholder perspectives and more diverse joint venture configurations.

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Appendices

Appendix 1. Framework of the study (Figure 1.)

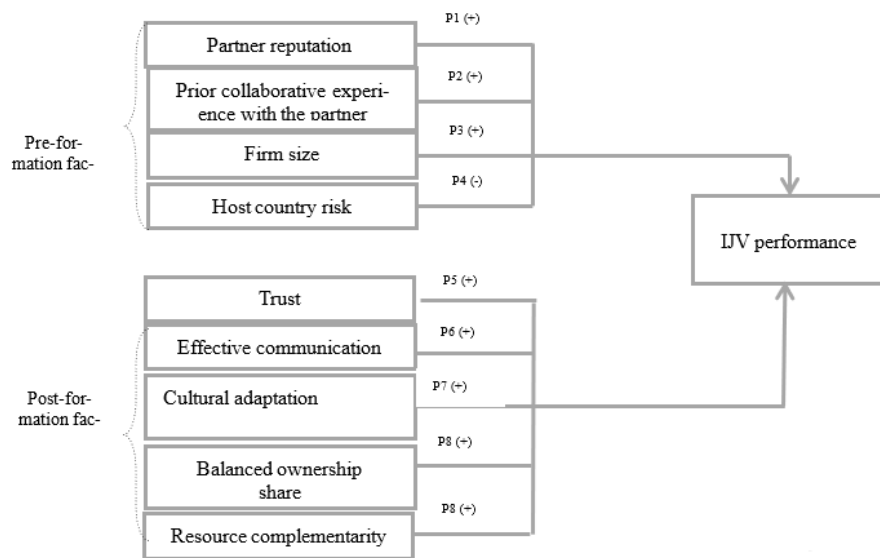


Figure 1. Proposed model of the study

Appendix 2. Interview guide

Section A: Background Information

- Your name:
- Your job title:
- Name of IJV?
- Location of the country of IJV?
- Year of IJV formation?
- Partner company name?
- Ownership split between partners at formation of IJV?
- Ownership status of IJV in 2025? (e.g. still exists, sold-out, acquired, liquidated)?
- What is your firm's major business line?
- Total number of employees in your firm?
- How many IJVs have your company had before forming this IJV?
- What were your firm's operations in the target country before forming this IJV? (No prior activity, licensing agreement, exporting, manufacturing JV, several manufacturing units, manufacturing WOS, or other operations)
- Was the joint venture a new separate firm established or did you partially acquire the partner firm?

Section B: Post-formation Determinants

- How was trust developed and maintained between the IJV partners?
- Which of the following best describes your previous relationship with this partner before the establishment of the IJV?
- How much is your firm and your partner firm's resources invested in IJV are complementary for accomplishing the IJV goals?
- How would you rate the risk of doing business in the host country at the formation of IJV?
- How were the complementary resources of the partners leveraged within the IJV?

- Communication is a very important ingredient for managing and developing the relationship between IJV partners. How do you describe the quality, frequency, and openness of communication between your firm and partner firm?
- How much efforts your firm has made in effectively dealing and managing these cultural differences? (e.g. cultural training, language, spending non-business hours, participating in IJV decision making, recruiting highly intercultural competent managers)

Section C: IJV Performance

- How satisfied is your firm with the overall performance of IJV?
- How satisfied is your firm with the financial performance of IJV?
- How satisfactory is your firm's relationship with partner firm?
- To what extent has your firm achieved objectives of IJV-formation?

Appendix 3. Table 1.

Category	Constructs	IJV1	IJV2	IJV3
Pre-formation factors	Partner reputation	Medium	Medium	Medium
	Prior collaborative experience with the partner	Yes	Yes	No
	Firm size	Missing	Missing	Missing
	Host country risk	Medium	High	Low
Pre-formation factors	Trust	Medium	Low	High
	Communication	Medium	High	High
	Cultural adaptation	Medium	Low	Medium
	Ownership	Asymmetric	Asymmetric	Symmetric
	Resource complementary	Medium	High	High
Performance		High	Low	Missing