During the last three decades, the globalization of markets, the convergence of and rapid shifts in technologies, and regulatory and institutional changes within the United States, Asia and Europe, has led to new opportunities for interfirm collaboration, across institutional and national borders. Research on international strategic collaboration between firms has received increasing attention in the literature during the last two decades, reflecting the increasing frequency and importance of strategic alliances in business practice. Despite the apparent importance and frequency of international strategic partnerships, many of these report only limited success. Hence, it seems that research into the determining factors of alliance performance and the dynamic evolution of alliances is of most importance. This book attempts to bridge the apparent gaps in the extant literature on international joint ventures and contribute to the understanding of why these hybrid arrangements seem so difficult to manage. The authors adopt a holistic approach by examining the entire process of international joint venture development, from partner and ownership structure selection to the design of managerial control systems and venture performance assessment. While this is a formidable task in itself, the authors go one step further by recognizing the dynamic features of joint ventures. Hence, the stability and instability of joint venture evolution is explored over time – or at least at different times during the lifetime of the venture. Drawing heavily from the author’s apparent practical experience and expertise on especially joint ventures in China, the book integrates multiple theoretical perspectives and combines it nicely with empirical findings in order to identify and examine the key issues in international joint ventures.

Following the suggestion made by Parkhe (1993), the authors have divided the book into four main parts dealing with (1) motives for venture formation, (2) partner selection/structural selection, (3) governance and control, and (4) venture stability and performance. Chapter 1 (part I) provides a conceptualization of international joint ventures and answers the key questions of: “what is an international joint venture?” and “why joint ventures?”. Chapters 2-5 (part II) deal with partner selection, negotiations, structure of joint ownership, and structure of joint parent control. Chapters 6-9 (part III) address the key challenges in managing the joint venture operation and present empirical results to support theoretical propositions. Finally, chapters 10-12 (part IV) focus on joint venture evolution by exploring the dynamics, stability, and structural reconfigurations of joint ventures and the possible end-game strategies. Most chapters contain a rigorous and often very critical review of previous work in the field followed by the author’s theoretical conceptualization in an attempt to address the apparent (at least to the authors) gaps in the existing literature. Chapter 7 in particular offers a good insight into the problems of JV performance evaluation and provides a new, interesting integrative framework of performance assessment. Although highly theoretical in nature, the book does seek to offer practical advice by incorporating experiences from real world joint ventures in the form of either sporadic case examples presented for illustration, more systematic case analyses (chapters 8 and 9 are reporting empirical studies), or descriptive mini-cases attached to each chapter. Unfortunately, these cases are not always as illustrative as intended since they are often too short,
taken out of context, and highly biased toward alliances involving a (assumed multinational) Western firm seeking market entry into an Asian market. One could easily envision many other motivations for engaging in international joint ventures than market entry and it seems that key issues and managerial implications may be quite different as conditions (in terms of structure, culture, power, market, strategies etc.) change.

One of the real strengths of the book is its extensive literature review and critical overview of the state-of-the-art in terms of international joint venture research. The authors manage to pinpoint a variety of conflicting arguments in the extant literature and also attempt to reconcile some of these differences. In this sense, the book definitely meets what seems to be its prime objective of catering to the academic community. However, in terms of providing useful and generalizable knowledge to practitioners involved in international joint ventures, the book’s value is somewhat questionable. Although providing the practitioner with a general overview of the key issues of equity joint ventures between multinational firms from Western countries seeking market entry into especially the Asian market, it fails by and large to provide practical guidelines for how to overcome these issues and successfully mange a particular joint venture. For instance, the framework of collaborative learning suggested on page 120-126, although highlighting many of the key issues involved in inter-partner learning, hardly provides a useful instruction to managers faced with the objective of creating an learning environment through international joint ventures. Moreover, chapters 7-10 (1/3 of the book!) seem highly academic in nature and must be considered almost irrelevant to the practitioner. Finally, as a potential international business textbook the book is limited in scope and too biased toward China, however, if the title is changed to “Equity Joint Ventures in China – Theory and Experience from MNE’s entering the Chinese Market” it might be used at the MBA level. In summary, although limited to considering equity joint ventures and mostly concerned with developed-developing country joint ventures, this book offers a great starting point for especially academic scholars interested in the complexity of international joint ventures.

References