

Rigor and Relevance of IJV Exit Research

Alexander Nemeth · Michael Nippa

Abstract:

- International Joint Ventures (IJVs) are a well acknowledged and frequently implemented organizational mode, especially with regard to international market entry strategies, yet they are also prone to conflicts of interests, drawbacks, inefficiencies, and enduring losses. Past research has consequently been dominated by studies that have attempted to identify success factors for managing IJVs based mainly upon archive data. Success or failure is frequently defined on the basis that IJVs have ‘disappeared’ from the data-set. The term IJV-‘exit’ has become the byword for closing down ineffective, failing IJVs while neglecting the fact that such a disappearance may indicate success if, for instance, the initial objectives of partners have been achieved.
- Beyond such misconceptions, there is no stock-take of what is known about the different types, measures, contexts, and determinants of IJV exit to take research to the next stage. This paper fills this research gap by comprehensively analyzing the IJV exit literature as an integral part of IJV research, while focusing on studies that either apply IJV termination or IJV longevity as a measure of IJV exit. A systematic overview of the contexts and determinants that influence IJV exit is provided. Furthermore, the rigor and relevance of the existing IJV exit literature is evaluated in terms of its methodological, conceptual and theoretical foundation, and major implications for directing future research are proposed.

Keywords: Exit · International joint venture · Longevity · Performance · Termination

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Prof. M. Nippa (✉) · A. Nemeth
Department of Business Administration,
Technische Universität Bergakademie Freiberg, Freiberg, Germany
e-mail: nippa@bwl.tu-freiberg.de

Introduction

Joint ventures can be defined as legally and economically separate organizational entities partially held by parent organizations that collectively contribute resources to pursue strategic objectives (Pfeffer and Nowak 1976). Accordingly, international joint ventures (IJVs) constitute an organizational form founded and run by independent parent organizations from different countries (Yan 1998). For decades, IJVs have been an important organizational alternative for firms pursuing internationalization and market entry strategies (e.g., Hitt et al. 2000; Makino et al. 2007) that have particularly stimulated scholars' research interests because levels of success and efficiency have varied greatly.

Partly fueled by institutional contexts that privileged IJVs over other market entry modes, as in the People's Republic of China (PRC) for instance, the sheer number of IJVs has grown remarkably (Luo and Park 2004). However, several sources have indicated that IJVs are particularly fragile, unstable business organizations (e.g., Park and Ungson 1997; Steensma et al. 2008) that perform poorly and often cause dissatisfaction on the part of the parent firms (Pearce 1997). Although Delios and Beamish (2004) showed that the probability of IJV termination is comparable to that of wholly owned subsidiaries, specific IJV challenges have been frequently highlighted: Firstly, IJVs are prone to parental conflict, governance problems and cultural clashes (Barkema and Vermeulen 1997) and are easily destabilized by the changing strategies or objectives of one of their founding parent firms (Cui et al. 2011). Secondly, IJVs are unstable because they are frequently founded as temporary or intermediary organizations (Gomes-Casseres 1987); hence, there has been an increase in reports that emphasize the specific problems, drawbacks and inefficiencies of IJVs that have led to disappointment for their parent firms' management (e.g., Li et al. 1999).

The performance and success factors of IJVs have consequently been researched extensively for decades, resulting in numerous empirical studies (for reviews of this research stream see Nippa et al. 2007; Ren et al. 2009; Yan and Zeng 1999). Many empirical studies have used the disappearance from respective databases (e.g., MOFTEC), i.e., IJV exit, as a measure and proxy of ultimate failure, assuming that IJV exit is generally *unintended* (Reuer and Miller 1997; Yan and Zeng 1999). However, IJV exit may also be an *intended*, pre-planned objective that is fulfilled after achieving the parent firm's initial or adapted IJV purposes (Makino et al. 2007; Yan 1998). Previous studies highlighted the need for such a differentiation, since it is an important prerequisite for interpreting an IJV exit as a success or a failure (e.g., Yan and Zeng 1999). Without doubt, the failure to adequately differentiate between *intended* and *unintended* IJV termination leads to bias, inconsistent findings, and, ultimately, inadequate conclusions. Surprisingly, only the empirical study of Makino and colleagues (2007) considers this distinction of IJV exit.

Beyond this conceptual deficiency, the literature on antecedents and determinants of IJV exit shows further shortcomings and limitations: First, studies on IJV exit often disregard the fact that IJV parent firms can terminate an IJV in three ways: (1) selling its stake to the other parents, (2) selling its stake to a third party, or (3) liquidating the venture (Hennart and Zeng 2002). Their findings and implications regarding IJV exit and its determinants are therefore not precise and are often misleading (Reuer 2002). To our best knowledge, no study has so far provided an overview and a critical discussion of how IJV

exit determinants might vary in the light of different termination modes. Second, the quality and practical relevance of research insights of the existing IJV exit literature is limited by empirical and methodological shortcomings. Research, for instance, is dominated by studies that use archival data only, prefer cross-sectional rather than longitudinal analyses, and investigate IJV exit only from one partner's viewpoint. Similar to IJV research at large (cf. Parkhe 1993) IJV exit literature do not seem to lack analytical rigor, but IJV exit study concepts suffer from a lack of theoretical foundation and subsequent advancement of theories. Nevertheless, grounding empirical analyses on theories is an important issue of rigorous research (Gulati 2007) that is needed for theory development (e.g., Parkhe 1993).

A "comprehensive synthesis and evaluation of research findings" on IJV exit is key for both "theory development and management practice in this important area of international business" (Robson et al. 2002, p. 387). Accordingly, the objectives and contribution of the paper at hand are as follows. First, it is the first of its kind to provide a classification based upon a systematic overview of a prominent and relevant research topic in the field of international management. To this end, the aforementioned research gaps of the extant IJV exit literature are substantiated with regard to conceptual, methodological and theoretical aspects. Second, it illustrates theoretical and practical shortcomings by assessing the rigor and relevance of previous methods and findings. Third, major directions for future research are identified and important practical implications are drawn.

Methodology

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

First, applying Harzing's 'Journal Quality List'¹ focusing on the research fields 'International Business' and 'General and Strategy', the following journals were selected: *Academy of Management Journal*, *Administrative Science Quarterly*, *Journal of International Business Studies*, *Journal of World Business*, *Management International Review*, and *Strategic Management Journal*. These journals publish predominantly empirical studies that have the potential to further develop relevant theories and belong to the highest ranked journals in the field of international management research. Their widely acknowledged peer-review system along with prominent editor- and reviewer boards should ensure a selection process that leads to publications of high rigor and relevance. Because research on IJVs intensified significantly from 1991 onward (Robson et al. 2002), we screen these journals from 1991 to 2011 and thus assure a comprehensive reflection of the state-of-the-art of research in this field.

A major methodological problem faced by almost any review paper is to precisely identify and recognize relevant studies. One has to balance selection criteria and key search words that are too narrow and lead to the erroneous exclusion of relevant studies, with those that are too ambiguous and carry the risk of wrongly including studies and

deriving incorrect conclusions. With regard to our research subject, such problems arise from two sources.

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

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

To identify relevant studies, we created a comprehensive list of approximately 100 key words associated with IJV termination and longevity. To ensure the completeness of key words, the list was reviewed and adjusted by scholars with a similar research focus. We contacted 16 scholars from nine countries and received feedback from five scholars, representing a response rate of more than 30%.³ Based on the revised list of key words, we first scanned the paper's abstracts to identify potentially relevant articles. Subsequently, we recorded the dependent variables that were investigated in the identified studies.

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

Secondly, we carefully analyzed the citations and reference lists of the 23 IJV exit studies identified to source relevant work published in other journals, and even in important editorships (e.g., Kogut 1988). As a result, 19 additional studies that contribute to the research field of IJV exit were incorporated. Repeating this procedure with the newly identified studies, two more relevant articles were identified. The final sample of peer-reviewed articles on IJV exit selected to undergo in-depth analysis embraces 44 studies. The sample includes most—though probably not all—studies on IJV exit published over the last 2–3 decades, whereas the focus on high quality research (top-journals, peer-review, back- and forward citing) ensures that no relevant scholarly studies have been excluded.

Table 1: Chronological overview of IJV termination and longevity research

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

^aArticles are non-empirical

Results

The sample of 44 articles that explicitly address IJV exit consists of four non-empirical and 40 empirical papers (see Table 1).

The focus of the four non-empirical papers is the derivation of propositions concerning the likelihood of IJV termination and (a) the composition of IJV management groups (Hambrick et al. 2001), (b) the parental experience with alliance management (Koza and Lewin 1998), (c) the level of parental learning (Makhija and Ganesh 1997), and (d) the level of IJV governance costs (Pearce 1997).

Empirical studies predominantly analyze how different independent variables impact IJV exit, i.e., termination or longevity (dependent variables), based on quantitative data and statistical analyses. Of the 40 empirical papers, 30 apply the termination of IJVs (75%), six IJV longevity (15%), and four studies apply both termination and longevity (10%) as dependent variables.

The earliest IJV exit study in our sample was published in 1987 by Gomes-Casseres. Following the pioneering IJV instability study by Franko, published in 1971 (Reuer 2002; Yan and Zeng 1999), it was more than a decade before the termination of IJVs was investigated exclusively without mixing IJV exit with other ‘instability factors’ such as changes in parental ownership distribution. While the distribution of articles that explicitly address IJV exit shows a peak between 1996 and 2000 (approx. 50% of all articles under study), which may indicate a special interest and/or timeliness, it is difficult to evaluate the impact on the field even using a citation analysis.⁴ IJV exit appears to be an important and well-recognized IJV performance measure within the broader field of IJV success factor research (e.g., Nippa et al. 2007; Ren et al. 2009; Robson et al. 2002) which has been analyzed by various studies, as our sample shows. However, as the following discussion illustrates, the IJV exit literature is not yet mature and thus requires a semi-quantitative and qualitative assessment regarding its rigor and relevance to foster researchers re-orientation.

Empirical Foundation

Concentrating this review predominantly on high quality research published in renowned peer-reviewed journals allows for the assumption that our sample of scholarly literature on IJV exit consists of studies that have proven rigor with regard to data sources and the application of highly sophisticated statistical methods. The following review of the empirical foundation thus focuses on comparing single studies and detecting commonalities and possible limitations.

Sample sizes of empirical analyses (see Table 2 for details) range from 41 (Nakamura et al. 1996) to 27,974 observations (Delios and Beamish 2004).⁵ Only Ariño and de la Torre (1998) apply a qualitative research method and ground their investigation on a longitudinal case study. With regard to the industries analyzed, most studies are based on the manufacturing sector (e.g., Lampel and Shamsie 2000), “... so that the results derive from a sample that is uniform in terms of the primary sector” (Chowdhury 1992, p. 119). However, a number of articles fail to mention the industry under study at all (e.g., Gomes-Casseres 1987) or include mixed industry samples (e.g., Delios and Beamish 2004). In total, 16 articles specify the host country, i.e., the country in which the IJV is located (e.g., Li 1995). Significant country specifics that are important determinants of IJV performance, such as ‘the complexity of business regulations’ (Dhanaraj and Beamish 2009), are predominantly not disclosed, and care is therefore required in the interpretation and comparison of many studies. There is striking evidence that, with regard to IJV host countries, the initial focus in the 1980s was on the comparison of developing and developed countries (e.g., Beamish 1985) but this dominance is not applicable to publications investigating the exit of IJVs. Despite some articles controlling their findings for developed vs. developing host country effects (e.g., Dhanaraj and Beamish 2004), no single study offers

Table 2: Overview of each article's underlying data

| Measure for IJV exit | Sample size | Industry | Host country | Origin of partners |
|--|-------------|-----------------------------|------------------------------------|-----------------------------------|
| <i>Termination</i> | | | | |
| Gomes-Casseres (1987) | 5,000 | NA | NA | US-foreign |
| Kogut (1988) | 148 | Mixed | USA | At least one US parent |
| Kogut (1989) | 92 | Manufacturing | USA | At least one US parent |
| Blodgett (1991) | 279 | NA | NA | US-foreign |
| Kogut (1991) | 92 | Manufacturing | USA | At least one US parent |
| Li (1995) | 267 | Computer/ pharmaceutical | USA | US-foreign |
| Nakamura et al. (1996) | 41 | Manufacturing | Japan | US-Japanese |
| Yamawaki (1997) | 569 | Manufacturing | USA/Europe | At least one Japanese parent |
| Dussauge and Garrette (1997/1998) | 197 | Manufacturing | NA | Western Europe, N.-America, Japan |
| Ariño and de la Torre (1998) | 2 | Consumer products | NA | US-France |
| Makino and Beamish (1998a) | 737 | Manufacturing | East-/South-east Asia ^a | Japanese-foreign |
| Makino and Beamish (1998b) | 917 | Manufacturing | East-/South-east Asia ^b | Japanese-foreign |
| Hennart et al. (1999) | 58 | Manufacturing | USA | US-Japanese |
| Pan and Chi (1999) | 1,066 | Manufacturing | China | China-foreign |
| Lampel and Shamsie (2000) | 70 | Manufacturing | NA | General Electrics-foreign |
| Mata and Portugal (2000) | 1,033 | NA | Portugal | Portuguese-foreign |
| Steensma and Lyles (2000) | 121 | Manufacturing | Hungary | Hungarian-Western countries |
| Delios and Beamish (2001) | 3,080 | Manufacturing | NA | Japanese-foreign |
| Reuer (2002) | 154 | NA | International | At least one US parent |
| Delios and Beamish (2004) | 27,974 | Mixed | 135 countries ^c | Japanese-foreign |
| Dhanaraj and Beamish (2004) | 12,984 | NA | 25 countries | Japanese-foreign |
| Lu and Hébert (2005) | 720 | NA | Asia | Japanese-foreign |
| Lu and Xu (2006) | 291 | NA | China | Japanese-Chinese |
| Valdés-Llaneza and Garcia-Canal (2006) | 82 | Mixed | National/ international | At least one Spanish parent |
| Xu and Lu (2006) | 1,038 | NA | China | Japanese-Chinese |
| Steensma et al. (2008) | 124 | Mixed | Hungary | Hungarian-foreign |
| Dhanaraj and Beamish (2009) | 12,984 | NA | 25 countries | Japanese-foreign |
| Puck et al. (2009) | 94 | Mixed | China | China-foreign |

Table 2: (continued)

| Measure for IJV exit | Sample size | Industry | Host country | Origin of partners |
|----------------------------------|-------------|---------------|-------------------------------|-----------------------------------|
| Cui et al. (2011) | 150 | Manufacturing | USA | At least one US parent |
| Polidoro et al. (2011) | 168 | Chemical | NA | Western Europe, Japan, US |
| <i>Longevity</i> | | | | |
| Barkema et al. (1996) | 225 | Non-financial | National/ international | At least one Dutch parent |
| Park and Russo (1996) | 204 | Electronics | National/ international | At least one US parent |
| Barkema and Vermeulen (1997) | 828 | Mixed | 72 countries | Dutch-foreign |
| Barkema et al. (1997) | 1,493 | NA | National/ international | At least one Dutch parent |
| Park and Ungson (1997) | 186 | Electronics | National/ international | At least one US parent |
| Hennart and Zeng (2002) | 97 | Manufacturing | USA | Japanese-foreign |
| <i>Termination and longevity</i> | | | | |
| Harrigan (1988) | 895 | Mixed | USA | At least one US parent |
| Chowdhury (1992) | 8,230 | Manufacturing | NA | US-foreign |
| Dussauge et al. (2000) | 227 | Manufacturing | Europe, N-America, Asia | Europe, N-America, Asia |
| Makino et al. (2007) | 3,221 | Mixed | NA | Japanese-US/ Japanese-Japanese |

NA not specified in the article

^aChina, Taiwan, Hong Kong, Thailand, Singapore, Malaysia, Philippines, Indonesia, South Korea

^bTaiwan, Hong Kong, Thailand, Singapore, Malaysia, Philippines, Indonesia, South Korea

^cMain countries: USA, mainland China, Hong Kong, Thailand, Singapore, UK

in-depth comparisons with regard to the specificities of individual countries. Considering the origin of the IJV partners, most studies focus on IJVs that have been founded by U.S. firms with parent firms from other countries (e.g., Blodgett 1991), followed by Japan-foreign (e.g., Delios and Beamish 2004), China-foreign (e.g., Pan and Chi 1999), and other partner configurations. IJVs that are formed by parent firms originating from Western countries and from markets in Asia (e.g., Japan and PRC) are especially appropriate for analyzing the impact of cross-cultural distance (Hennart and Zeng 2002).

Operationalization and Measures Applied

Confirming the findings of other researchers (e.g., Ren et al. 2009), most articles on IJV exit do not differentiate between different termination modes and only consider whether or not the IJV survives during the time of observation (see Table 3). This leads to difficulties in interpreting and comparing research findings.

Table 3: Details of exit measures applied

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

(I) the parent buys the stake of the other parents, i.e. internalization, (S) the parent sells the stake to a third party, (L) the venture is liquidated

^aNA no differentiation of IJV exit mode

^bNA meaning of IJV exit not mentioned at all

Determinants influencing IJV exit are most likely to vary as a function of different exit modes (Reuer 2002). The partner's cultural distance, for example, is frequently analyzed to explain IJV performance (Delios and Beamish 2004). Generally, significant cultural distance between IJV partners "can be a source of misunderstanding and miscommunication" (Makino et al. 2007) and can imply divergent policies on business management (Park and Ungson 1997), leading to IJV *liquidation*. By contrast, Puck and colleagues (2009) analyze IJV *internalization* and argue that high cultural distance will cause difficulties for firms in operating a foreign venture alone, which negatively influences IJV exit through *internalization*. Since the opposing impact of cultural distance on IJV exit (i.e., liquidation vs. internalization) is not considered in the various studies that mix IJV exit modes (e.g., Barkema et al. 1997; Dhanaraj and Beamish 2004), the findings of these studies are difficult to interpret and compare.

Furthermore, it is problematic to derive precise conclusions if the termination mode is not taken into account. The internalization of an IJV reflects an IJV parent's *extension of commitment* (Reuer 2002), for instance if the IJV conditions turn favorable (Gomes-Casseres 1987). By contrast, the liquidation of an IJV implies the partner's *withdrawing from cooperation* (Reuer 2002), perhaps after unfavorable changes of the initial situation (e.g., rapid change in technology: Hamel 1991). Accordingly, the predominant neglect of differentiating exit modes within IJV exit research can lead to imprecise findings and misleading implications, and it must be concluded that research that explicitly defines and distinguishes different IJV exit modes is clearly needed.

Interpretation of IJV Exit

Most studies generally assume that IJV exits are proxies of economic failure or instability, confirming the previous concerns of researchers (Cui et al. 2011), and only a few scholars highlight that IJV exit can be the—positive—consequence of having achieved the objectives of one or both parent firms (Ren et al. 2009; Yan 1998). Widening the perspective of IJV exit in this respect has important consequences that have frequently been neglected (Makino et al. 2007). Understanding an IJV to be a temporal organizational mode that will be intentionally ended if partners' intentions have been fulfilled highlights the need to control for these initial and/or changing intentions. However, only the study by Makino et al. (2007) explicitly includes partner intention in its empirical analysis and differentiates between intended and unintended IJV liquidation. According to these authors, exiting an IJV after its objectives have been reached has to be seen as success from the perspective of the respective partner firm and thus as an intended IJV termination.

Unintended termination, in contrast, can generally be viewed as a proxy of IJV failure and ongoing underperformance (Makino et al. 2007). It may result from unforeseeable incidences that significantly impact the objectives, costs and performance of the IJV from the perspective of at least one of the partners. Polidoro and colleagues (2011) analyzed the specific case of 'unplanned', unintended IJV exit by screening and assessing published news reports that mentioned liquidated IJVs with regard to key indicators. While the cause-effect chain in this case was rather clear, it becomes somewhat blurred when, for example, the internalization of an IJV is interpreted as success and its liquidation as failure (e.g., Park and Ungson 1997). This ignores the fact that the internalization of an

IJV may be the result of ongoing conflicts between the partners (Hennart and Zeng 2002) and fails to reflect any success of the IJV.

Factors Determining IJV Exit

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

We analyze relevant findings of the IJV exit literature with regard to this need for differentiation in order to identify discrepancies and consistencies across both research streams (i.e., termination and longevity). Although most IJV exit studies provide problem-specific literature reviews (e.g., Blodgett 1991) they fail to classify their findings within a framework. The need for systematization becomes inevitable when comparing different studies to identify significant research overlaps and gaps, thus to justify systematic conclusions, this paper will apply a comprehensive, theory-based conceptual framework. We propose to make use of an existing framework for systematizing and assessing IJV success factor research (for further explanation, see: Nippa et al. 2007) that integrates previous work provided by other authors (Osland and Cavusgil 1996; Parkhe 1993, 2004; Robson et al. 2002). We advance this framework with respect to our research subject as follows. First, since IJV performance affects the probability of partnership termination (Cui et al. 2011) we add 'performance' to the existing category *IJV Attributes*. Secondly, we supplement the category *External Environment* with the variable 'economy' to allocate respective exit factors investigated in two IJV exit studies (Dhanaraj and Beamish 2004; Hennart and Zeng 2002). The resulting framework (Fig. 1) is helpful for systematically aligning all the factors that have been investigated in relation to IJV exit by various studies into categories, to enable the visualization of dominant and neglected research areas. The number shown in brackets next to each sub-category indicates the number of empirical tests that relate to each factor. Independent variables of IJV termination are shown on the left, while those impacting IJV longevity are depicted on the right.

In total, 120 different *independent variables* or success factors affecting IJV termination and 69 variables determining IJV longevity have been investigated and analyzed by the studies we reviewed. One would anticipate a need for a significant amount of retesting of these variables; in fact, replication studies are rather rare. Most scholars chose new over already tested variables in an apparent search for exclusiveness and for new insights. Given this very low replication factor, the above-mentioned independent variables have been empirically tested 153 and 79 times, respectively. This sheds light on the striking phenomenon of re-testing avoidance that has also been acknowledged by previous researchers in respect of IJV success factors at large (cf., Nippa et al. 2007). Similarly,

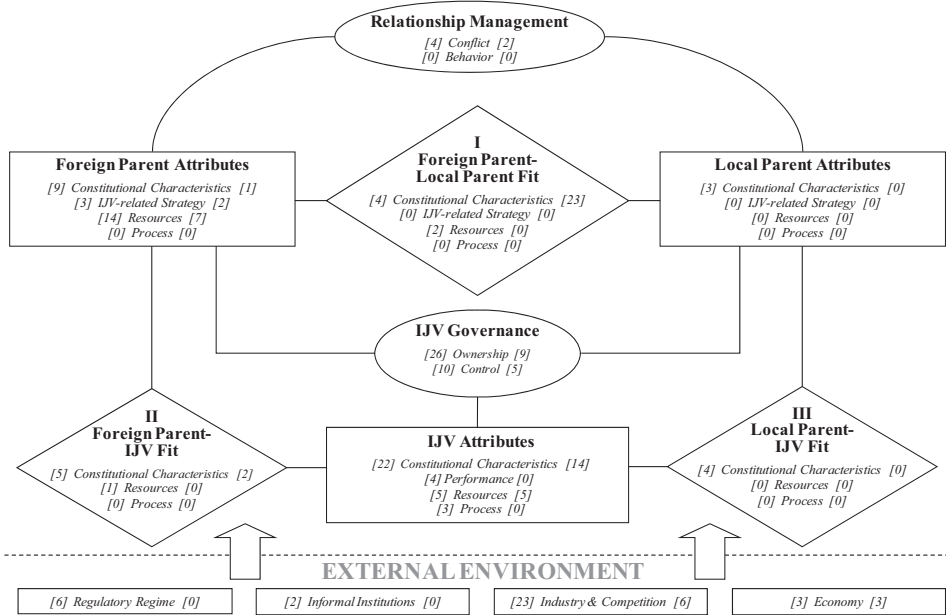


Fig. 1: Applying the framework: overview of IJV exit factors analyzed. The numbers in brackets on the *left side* indicate the number of significant and not significant factor tests in IJV termination studies and the numbers in brackets on the *right side* indicate the number of significant and not significant factor tests in IJV longevity studies. Absolute numbers in brackets are based on different sample sizes, i.e., 30 termination studies, six longevity studies and four studies investigating both termination and longevity. Thus, to value emphases and gaps, relative numbers have to be additionally taken into account. Partner attributes that cannot be accredited to whether a parent is foreign or local are not shown in this figure. (Based on Nippa et al. 2007)

research on factors impacting IJV exit is still characterized by a tendency to add new factors rather than to re-test factors already studied by other researchers, which, in addition to other factors (e.g., inadequate sample composition), impedes the generalizability of findings.

As noted earlier, both IJV termination and IJV longevity represent adequate proxies for IJV exit (Ren et al. 2009). However, because of different measurement approaches—i.e., the likelihood of IJV exit in the case of IJV termination (event-oriented measure) versus short- or long-term IJV duration in the case of IJV longevity (duration-oriented measure)—the findings are also likely to differ. More specifically, when comparing both research streams, we identify factors that show consistency in outcomes with regard to both IJV exit measures and factors that are inconsistent across IJV exit measures. On one hand, there are factors that lead to a high likelihood of IJV termination *as well as* to a limited duration—namely ‘the number of other subsidiaries’ (Dhanaraj and Beamish 2004, 2009; Makino et al. 2007), ‘IJV size’ (e.g., Lu and Hébert 2005; Makino et al. 2007), and ‘integrative IJVs’ (Kogut 1991; Park and Russo 1996)—thus representing consistent results. On the other, we identify inconsistent findings regarding factors like ‘IJV age’, ‘cultural distance’, ‘experience with international expansion’, ‘ownership division’, and ‘industry growth’.

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

Theoretical Foundation

Of the reviewed studies within the field of IJV exit, only 40% (16 out of 40) explicitly refer to theories as a foundation of their concepts and models (see Table 4). In fact, an inadequate theoretical underpinning of empirical studies has been proven for the field of IJV success factors (e.g., Robson et al. 2002; Yan and Zeng 1999) as well as for other management research areas (e.g., Pfeffer and Fong 2005). The widely practiced negligence of basing empirical studies on theories results in inferior theory development (Parkhe 1993, 2004, 2006) and reflects a serious problem that should not be ignored.

The main purpose of a theory is to explain complex facts and issues by reducing the complexity of the real world on the basis of adequate assumptions and developing testable cause-effect relations (Bell et al. 2006). The limited ability of certain theories to explain a reality has long been discussed by scholars (for an overview, see Das and Teng 2000; Robson et al. 2002). For example, transaction cost economy (TCE), which is a dominant theory within both JV and IJV research areas, has been criticized for its underestimation of social factors that might be highly relevant in interfirm cooperations (e.g., Eisenhardt and Schoonhoven 1996). Puck and colleagues (2009) mitigate this problem by applying TCE and institutional theory in a complementary manner to identify rational and social causes for IJV exit decisions. However, the majority of those studies that offer a theoretical foundation apply a single theory exclusively and do not substantiate the explanatory shortcomings of theories by combining supplementary theoretical rationales.

A closer look at Table 4 reveals that studies that apply a certain theory consistently assume identical theoretical interpretations for IJV formation and IJV exit. For instance, TCE assumes that IJV formation takes place because transaction costs are lower than in case of alternative organizational modes. Consequently, unexpectedly high transaction costs related to an IJV are assumed to lead to IJV exit decisions. Although applying the

Table 4: Theoretical foundation of IJV exit papers

| Theory | Underlying logic | Rational for JV exit | Articles |
|---|--|---|--|
| Transaction cost economics | Firms form JVs if “the sum of production and transaction costs associated with joint ownership is lower than that for sole ownership or market transactions” (Robson et al. 2002, p. 387) | Determinants like inefficient communication or coordination and opportunistic behavior lead to high transaction costs and thus to IJV termination | Dhanaraj and Beamish 2004; Lu and Hébert 2005; Park and Russo 1996; Park and Ungson 1997; Pearce 1997 ^a |
| | | IJVs are terminated through internalization if WOSs turn out to be a more efficient governance structure for minimizing transaction costs | Puck et al. 2009 |
| Organizational learning/ knowledge based view | Parental interaction through JVs “provide a more effective means of transferring know-how that is tacit, difficult to imitate, and likely to lead to above-normal returns” (Steensma and Lyles 2000, p. 836) | Insufficient learning of parental know-how that is critical for organizational success leads to JV termination | Barkema et al. 1996; Barkema et al. 1997; Steensma and Lyles 2000; Xu and Lu 2006 |
| | | If the IJV acquires the know-how of a parent-firm and thus becomes independent of this firm, the IJV will be terminated by internalization through the other partner | Steensma et al. 2008; Makhija and Ganesh 1997 ^a |
| Institutional theory | Foreign firms establish JVs in event of high level of regulative and normative pressure within the host country, since a local JV partner may ensure required legitimacy (Yiu and Makino 2002) | Open markets facilitate foreign firms gaining legitimacy by themselves over time – the resultant decrease of dependency on the local partner leads to IJV termination | Dhanaraj and Beamish 2009; Puck et al. 2009 |
| | | High levels of internal isomorphic pressure by parent-firms reduces the tolerance for IJVs and increases the likelihood of IJV termination by internalization | Puck et al. 2009 |
| | | A lack of external or internal legitimacy leads to undersupply of required resources and thus to IJV termination | Lu and Xu 2006; Xu and Lu 2006 |

Table 4: (continued)

| Theory | Underlying logic | Rational for JV exit | Articles |
|--------------------------|--|--|---|
| Real option theory | A JV “resolves partly the trade-off between buying flexibility now and waiting to invest and focus later by internalizing the JV” (Kogut 1991, p. 22) | Favorable development of the IJV’s host market leads to IJV termination by internalization (i.e., the option to acquire is exercised) | Kogut 1991 |
| Resource based view | Firms form JVs as means to access deficient valuable resources like the know-how of JV partners (Cui et al. 2011) | The acquisition of the IJV partner’s know-how by one firm leads to IJV termination by internalization, since the firm no longer depends on the IJV partner A change in a firm’s overall strategy that decreases the value of the IJV partner’s resources leads to IJV termination | Dussauge et al. 2000; Makhija and Ganesh 1997 ^a Cui et al. 2011 |
| Social exchange theory | The JV’s performance relies on the social relationship between the JV partners and the resulting level of mutual trust, commitment and satisfaction that mitigate the risk of opportunistic behavior (Robson et al. 2002) | Conflict between the IJV partners leads to IJV termination because it erodes mutual trust and diverts efforts from more critical tasks Differences in parental power lead to opportunistic behavior by the partners and thus to IJV termination by internalization | Steensma and Lyles 2000 Steensma et al. 2008 |
| Evolutionary perspective | JVs are “embedded within the firm’s Koza and Lewin 1998 ^a history and strategic portfolio and coevolve with the firm’s strategy, its environment and with management strategic intent for the JV” (Koza and Lewin 1998, p. 261) | Lack of firm-specific IJV experience increases the probability of IJV termination | Koza and Lewin 1998 ^a |
| Network perspective | Firms “rely on information from the network of prior alliances to determine with whom to cooperate” to mitigate potential collaboration issues (Gulati and Gargiulo 1999, p. 1439) | Low network centrality and structural embeddedness of the parent-firms lead to IJV termination | Polidoro et al. 2011 |

^aArticles are non-empirical

same theory, some studies illustrate IJV exit using contradictory arguments; thus, divergent interpretations of the underlying theory may also impact results and cause conflicting recommendations. As an example, organizational learning theory posits that IJVs are formed in order to transfer parental tacit know-how that leads to above-normal returns (Hitt et al. 2000). Adopting this perspective, Barkema and colleagues (1996) show that insufficient learning of critical parental know-how generally leads to IJV exit (although the authors abstain from differentiating the exit mode), since the IJV fails to ensure competitiveness. By contrast, Steensma et al. (2008) illustrate that IJVs that acquire the know-how of one partner become independent of that partner, thus the know-how will be internalized by the acquiring partner. In part, the conflicting theoretical interpretations of the articles are the result of considering different exit modes (i.e., exit in general vs. internalization).

As another theoretical rationale, institutional theory assumes that foreign firms establish IJVs to ensure external legitimacy through cooperation with an established local partner (Yiu and Makino 2002). In this regard Dhanaraj and Beamish (2009) and Puck et al. (2009) show that open markets positively influence the termination of IJVs. The authors assert that foreign firms become capable of ensuring a *high level* of external legitimacy over time and thus forgo the continuation of the joint operation. In contrast, Lu and Xu (2006) argue that *low levels* of parental external legitimacy lead to IJV termination, since insufficient interaction between the IJV and the external environment results in an under-supply of required resources. One possible cause for this antagonism is the different point of reference. While Lu and Xu (2006) analyze the perspective of the local partner and the impact of its external legitimacy on the IJV's ability to obtain critical resources to survive, Dhanaraj and Beamish (2009) and Puck et al. (2009) take the view of the foreign partner and its capacity to gain external legitimacy in a foreign market over time. As the aforementioned examples show, differing interpretations of theories lead to contradictory explanations of IJV exit which may lead to confusion for both practitioners and scholars. The opposing rationales for IJV exit stem—at least to some degree—from the analyzed sample (i.e., specific IJV exit mode vs. IJV exit in general; view of local or foreign IJV partner).

The majority of studies that apply organizational or economic theories constitute a type of theoretical contribution because they empirically test theory-based hypotheses; however, many empirical IJV exit studies do not offer significant suggestions with regard to theory development. This finding confirms previous criticism within IJV research (Nippa et al. 2007), i.e., although quantitative studies are undoubtedly important, their ultimate objective should be theory development rather than pure theory confirmation. The only article in our sample that builds upon a longitudinal case study by investigating a failed IJV from its formation to its termination and develops an evolutionary model of collaborative ventures (Ariño and de la Torre 1998) illustrates and explains how unanticipated internal and external events influence (a) the partner's assessment of the IJV, (b) the relational quality, and (c) motivation to readjust the initial cooperative equilibrium. If a restoration of the relational balance is absent, the relationship deteriorates incrementally until the IJV is terminated.

A small number of non-empirical, conceptual articles in our sample also contribute to the IJV exit research through substantive theory development. Grounded on resource

based and learning theory, for example, Makhija and Ganesh (1997) develop a dynamic model of JV termination by considering the development of differences in parental capabilities and needs, bargaining power, control processes and level of parental learning. Pearce (1997) applies transaction cost theory and incorporates aspects of strategic management, organization theory and social psychology in his article. The author compares hierarchy and IJVs as alternative governance structures, and illustrates how higher bargaining and political influence costs within IJVs negatively affect top management team decision processes, leading to low IJV performance and termination. However, empirical evidence is so far missing.

Appraisal and Future Research Directions

Current IJV exit research has contributed to the international management literature by investigating various IJV exit determinants and by providing corresponding conclusions and guidance. As this article illustrates, however, analyzing existing IJV exit studies shows that there are several important shortcomings and limitations. In this section, we appraise the rigor and relevance of the IJV exit literature and determine necessary and fruitful future research directions. The rigor of IJV exit research implies reliable and sound empirical data analysis and theory development, while its relevance is deemed to relate to the decision making of practitioners (cf. Bell et al. 2006; Gulati 2007; Parkhe 1993). The findings outlined above are classified and discussed by reference to (1) conceptual, (2) methodological and (3) theoretical issues.

Conceptual Issues

Scholars within the broader field of IJV success factor research underestimate the importance of the parent firm's objectives regarding the IJVs being studied (Inkpen and Tsang 2007). Previous IJV exit research has—with rare exceptions—generally failed to differentiate between the intended and unintended termination of an IJV (Cui et al. 2011; Makino et al. 2007). Such a distinction would improve the practical relevance of IJV exit studies for at least two reasons. Firstly, the predominant refusal of research approaches to regard some IJV exit decisions not as failures but as successes would be resolved. Secondly, taking the parents strategic purposes into account would guard against the inadequate investigation of IJVs as a single business unit rather than considering their interdependence with the parent organizations (Reuer 2002). Generally, managing an IJV successfully is highly dependent on the commitment of their parent firms, which is highly influenced by the strategic purpose they pursue with the IJV (Isobe et al. 2000). For example, if the strategic purpose of founding and running an IJV is organizational learning (i.e., acquisition of the other partner's knowledge: Meier 2011), the IJV parent may intend to terminate the IJV once the learning objective has been achieved (Makhija and Ganesh 1997). In this case, the IJV termination reflects success from the terminating parent's point of view, even if the IJV has been unprofitable since its formation (Geringer and Hébert 1989).

Neglecting this important determinant has been openly acknowledged as a limitation of findings by scholars such as Dhanaraj and Beamish (2004), and it also casts doubt on the results and conclusions provided by studies that do not explicitly investigate the objectives of parent firms. Future studies therefore need to consider the parent's IJV purpose and differentiate between intended and unintended IJV termination when investigating IJV exit factors. Due to the fact that such information is rarely available in existing databases (see Makino et al. 2007 for an exception), more studies based on primary data are warranted to enable the reliable assessment of IJV exit. Alternatively, researchers may follow the approach of Polidoro et al. (2011) and analyze news stories about the IJVs under study to discover the parent firm's exit intention.

Because most studies are predominantly based upon archive data, they exclusively refer to whether an IJV has disappeared from a database within a pre-defined period of time (e.g., Makino and Beamish 1998a) and do not distinguish the mode of IJV termination (cf. Ren et al. 2009). This leads to serious problems regarding how to compare and interpret findings. On the one hand, empirical results and insights provided by these studies are hardly comparable with those from studies that refer to specific modes of IJV termination (e.g., internalization); on the other, it is problematic to derive precise conclusions if the termination mode is not taken into account. For the management of parent firms, the liquidation (i.e., withdrawing from cooperation) and internalization (i.e., extension of commitment) of IJVs have meaningful but different implications (Reuer 2002). Identifying and differentiating between IJV exit modes would significantly enhance both rigorous theory development and relevance for practitioners. Thus, academic articles need to clarify more stringently which determinants lead to which IJV exit mode. Scholars may overcome this problem by checking the annual reports of parent firms for the mode of IJV exit. If the respective parent firm is not subject to disclosure requirements, or if an IJV is not declared within the firm's annual report, a direct request to parent firms may be an alternative means of gathering this important information. Contacting parent firms for detailed information regarding an IJV's exit mode seems to be more promising and less time-consuming than requesting the exit intention, since the latter requires extensive input from a firm's senior management.

Methodological Issues

Empirically-based IJV exit research is generally established—at least in high quality peer-reviewed journals—on the transparent disclosure of applied data and sound empirical analysis. Consequently, lack of analytical rigor seems not to have been an important issue for IJV exit research in the past. In assessing the total population of IJV exit studies, however, important limitations and drawbacks emerge that call for a redirection of future research.

Since IJVs involve close interaction and alignment with another IJV partner, the management of IJVs differs significantly from other organizational entities such as wholly owned subsidiaries (e.g., Oxley 1997). Managers should therefore be highly interested in the interaction between their own firm, the IJV and the other partner, as well as in the resultant IJV success factors and exit determinants. As the results show (see Fig. 1), however, IJV exit research has virtually neglected the view of the local parent to date (i.e.,

Local Parent Attributes, Local Parent-IJV Fit; e.g., Dhanaraj and Beamish 2004; Lu and Xu 2006). Furthermore, only a few studies analyze the *Foreign Parent-Local Parent Fit* other than to compare their *constitutional characteristics* (Gomes-Casseres 1987; Nakamura et al. 1996), although a fit of '*IJV-related strategies*', '*resources*', and '*processes*' between parent firms is fundamental for the success of collaborations and is often mentioned (e.g., Saxton 1997; Seabright et al. 1992). The neglect of these important factors devalues previous conclusions drawn from a very limited perspective. With respect to future research that would advance the IJV exit literature, one has to call for approaches that include and compare the perspectives of all organizations and management directly involved in the IJV, i.e., the foreign firm, the local firm, and the IJV itself. For example, managers might be highly interested in the favorable characteristics of local firms and the required level of fit between all participants to avoid unintended IJV exits due to the local parent's dissatisfaction with the IJV. Hence, future research must include different quantitative and qualitative measures such as IJV-related strategies, performance expectations, resource compositions (e.g., level of know-how, number of patents) and process efficiency (e.g., information flows, decision-making). This calls for different empirical and methodological approaches, such as questionnaires or qualitative interviews that can supplement archival data analyses. As such, multi-method studies are more difficult to conduct, demand extra effort, and offer more angles of attack from critical reviewers. Highly reputed journals should encourage these attempts by, for example, releasing related special issues or providing other fortifying signals.

The majority of IJV exit research consists of cross-sectional studies that fail to consider a highly relevant component of IJV management, namely, changes of relevant factors over time. Consequently, the majority of IJV exit factors studied so far are essentially static, rigid and external (e.g., industry, national cultures, ownership), whereas dynamic and continuous exit factors (e.g., management behavior, trust, conflict) are somewhat neglected (Cui et al. 2011). This finding is in line with previous reviews of IJV success factors at large (Nippa et al. 2007) and of IJV instability in particular (Yan and Zeng 1999). One reason for this imbalance is the predominant methodological approach of using secondary data, e.g., event-history-analysis (e.g., Barkema et al. 1997). Responding to this research gap (see also Parkhe 1993, 2004, 2006 for similar findings), a recent study by Cui et al. (2011) addresses dynamic IJV exit factors based upon apparent changes of selective secondary data. Further studies based on a similar method or primary data are warranted that investigate the role of change of the initial IJV starting conditions and its influence on IJV termination. In addition, the IJV literature would benefit from longitudinal studies (Pearce 1997) that investigate the development of IJVs from foundation to termination. This would mitigate the risk of analyzing IJV exit based exclusively on present knowledge and consciousness (Geringer 1991) and would incorporate relevant information on organisational evolution through multiple life-stages (Robson et al. 2002).

As our findings highlight, findings across both research streams of IJV exit are mostly inconsistent although, as stated above, the partial inconsistency of findings can be explained by the different measurement of both IJV exit proxies (i.e., termination and longevity). Thus, re-testing IJV exit factors is warranted to substantiate consistent findings, to shed clarifying light on singular inconsistent results, and to avoid the confusion of both practitioners and scholars (e.g., Hennart and Zeng 2002). As a result of insuffi-

cient incentives within the current academic system, re-testing and replication studies are rarely conducted (Bell et al. 2006). As an alternative to the replication of studies, future research may further investigate the correlation of both IJV exit measures to explain inconsistent findings across the respective research stream. Neither IJV exit proxy can be assessed as being more reliable than the other, since both measures are established within the according research area (e.g., Ren et al. 2009). Empirical evidence is needed to clarify the substitutability of IJV termination as well as longevity and to define the respective exceptions—i.e., exit factors that determine a high likelihood of IJV termination, but not a short longevity.

While scholars are interested in gaining generalizable research findings that imply fundamental conditions, practitioners are in search of firm-specific solutions. Three main sources of over-generalization have been found that limit the practical relevance of findings regarding IJV exit studies, namely the clustering of (a) the parent firm's culture, (b) the IJV's host countries and (c), the IJV's industries. First, findings regarding the impact of cultural distance between the parents of an IJV on the likelihood of IJV termination suffer from the limitation that they are predominantly based on artificial cultural clusters that embrace culturally similar or comparable countries (e.g., Barkema et al. 1996). This enables the generalization of results but can lead to inadequate conclusions and thus to minor practical relevance due to the clustering of country specific values (even if they are similar or comparable) that “engender trust, learning, and long-term horizons—all of which favor the stability of alliances” (Park and Ungson 1997, p.302). Second, the political, social, and economical environment of an IJV's host country are important determinants of IJV performance and partner commitment (Dhanaraj and Beamish 2009). Although such factors have been identified as playing a crucial role in the performance of foreign operations in general (Hitt et al. 2000), they particularly influence the failure or success of IJVs in developing countries, such as, for instance the PRC (e.g., Li et al. 1999; Osland and Cavusgil 1996; Young et al. 2011). In fact, while researchers do control their findings for the effects of developed versus developing countries (e.g., Dhanaraj and Beamish 2004), they often do not particularize IJV host countries; thus, complex country specifics might get mixed up, leading to reduced practical relevance. Third, considering the IJV's industrial sector, various articles apply mixed industry samples or do not mention the underlying industry at all. Other studies refer to the generic and very broadly definable term “manufacturing industry”, yet restricting a study to specific industrial sectors could considerably affect their results. In China, for example, the consumer goods industry is characterised by tremendous competition that makes it difficult for foreign investors to achieve high market shares or sales (Pan et al. 1999).

To approach the apparent over-generalization of IJV exit studies, the research topic will gain from further comparative analyses—with regard to practical relevance—from supplementary multi-case studies that identify the specifics regarding the parent firm's origin, the IJV's host country, and the respective firm's industry.

Theoretical Issues

The current overemphasis and overuse of quantitative methods by researchers combined with an apparent neglect of theory development has been criticized for a long time (e.g.,

Parkhe 1993, 2004, 2006). Our sample and analysis appears to support Parkhe's criticism, because only a minority of the studies surveyed apply a sound theoretical foundation, and almost no papers offer suggestions with regard to substantive theory improvement. More rigorous theory development is warranted by grounding IJV exit research on existing theories: "Accumulation of knowledge allows for verification, falsification, and replication, which can help building (*sic*) a theoretically consistent, integrated, and logical structure of ideas" (Bell et al. 2006, p. 1609). On the other hand, alternative research methods are desirable because the overuse of quantitative analysis hampers substantive theory improvement (e.g., Nippa et al. 2007). Researchers have to focus on "inductive/theory generating/idiographic" rather than predominantly "deductive/theory-testing/nomothetic" methodologies. As a consequence, "qualitative research (such as case studies) that may permit deeper understanding and sharper delineation of concept domains" (Parkhe 1993, p. 228) should be applied, especially in early stages of theory development in this research field.

Another fruitful approach to IJV exit research is to transfer and apply as yet unconsidered theoretical foundations from related research areas. For example, the instability of alliances (e.g., Greve et al. 2010; see for other alliance instability theories: Das and Teng 2000) and inter-organizational relationships (Seabright et al. 1992) have been investigated by referring to resource dependence theory. The merit of resource dependence theory is that it "explains both the formation and termination of alliances by the same logic" (Das and Teng 2000, p. 80). The investigation of IJV exit on the basis of this approach could contribute to theory development, since only "few [studies] examine whether simply reversing the logic of IJV formation can sufficiently explain IJV termination" (Makino et al. 2007, p. 1114). Indeed, the shortcomings of single, isolated theories have been criticized for a long time (cf. Robson et al. 2002). Theories need to simplify the reality adequately and thus cannot be without shortcomings; however, a promising but rarely realized way to overcome this deficiency is to combine theories to enhance the explanatory value and relevance of IJV exit studies (e.g., Puck et al. 2009).

While IJV exit studies generally conform regarding the underlying logic of the applied theory (see Table 4), some articles explain IJV exit with opposing arguments. As our earlier discussion has illustrated, contrasting reasoning emerges as a result of the inconsistent conceptualization of IJV exit (i.e., investigation of varying exit modes) or the investigation of differing IJV participants (i.e., foreign vs. local parent firm). This discloses the difficulty of interpreting and comparing findings across IJV exit studies, even if identical theories are applied. Future studies should therefore reference their theoretical framework and results more strongly to the underlying data to avoid artificial and misleading theoretical generalization (e.g., "parental learning leads to IJV exit"). Furthermore, scholars should at least compare the contrasting findings and arguments of identical theories with their own results to avoid the risk of misinterpretation and confusion of both practitioners and scholars.

Conclusion

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

Evaluating the rigor and relevance of the current IJV exit literature, we ascertained that this important field of international management research is not yet mature and accordingly identified several methodological, conceptual and theoretical issues. While the majority of the identified research gaps are specific to the research of IJV exit, however, it is highlighted that some shortcomings are also relevant to other management research areas (i.e., neglect of replication studies and dynamic success factors).

This review article is essentially a *qualitative* meta-analysis that integrates the findings of the current IJV exit research, highlights important shortcomings and nominates future research directions. Due to the variety of individually tested factors that determine IJV exit within our sample, an otherwise preferable *empirical* meta-analysis (i.e., quantitative synthesis of empirical results of various articles) is impossible (cf. Lockett et al. 2009). Thus, many issues associated with *empirical* meta-analysis such as “choice of effect size metric” or “moderator analysis” are not relevant to this study (cf. Geyskens et al. 2009). However, we are aware of other limitations to our study. First, reviews have to be selective with regard to the scholarly contributions. Although grounding the review on articles published in top-ranked journals with an established peer-review system during the period from 1991 to 2011 ensures high quality, relevant work published in working papers or book chapters may be neglected. Despite the fact, that we examined the citations of all selected studies to identify further relevant publications, we cannot exclude the possibility that empirical findings published elsewhere may alter our conclusions to a certain degree. Second, by applying a selection process based upon key words, rigid selection criteria, focusing on international joint ventures and using IJV termination and IJV longevity as adequate measures of IJV exit, we may additionally exclude other related studies. Yet, due to the comprehensive method applied associated adjustments should be marginal. Third, we cannot eliminate the so-called “publication bias” that is a well-acknowledged problem of meta-analysis. This implies the risk of neglecting important findings and conclusions of studies that did not achieve empirically significant results and thus are not accepted for publication (Geyskens et al. 2009). However, all these limitations offer ground for future studies to challenge or to further support our findings.

We have identified several directions future research may take to enhance the rigor and relevance of IJV exit research. Generally, lack of analytical rigor is not an issue within the current IJV exit research. In contrast, rigorous theory development might be enhanced through grounding the research on existing theories. Furthermore, substantive theory development could be achieved through qualitative research approaches such as case studies instead of quantitative methods. Although the research of IJV exit generally implies practical relevance, since IJVs became an inherent part of firm’s internalization strategies (e.g., Hambrick et al. 2001), this relevance has been impaired by several meth-

odological shortcomings. Alternative methodological approaches are required that allow for depiction of the big picture of IJV exit research (e.g., incorporation of the other local partner's view, dynamic factors) and avoidance of inadequate conclusions due to over-generalization (e.g., neglect of artificial cultural clusters). Beyond that, the practical relevance of the extant IJV exit literature could be enhanced by improved conceptualization, namely, the specification of IJV exit modes (i.e., internalization, liquidation, sale to third parties) and the differentiation of *intended* and *unintended* IJV termination.

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Endnotes

- 1 For the full list (37th edition, 27 May 2010) see <http://www.harzing.com/jql.htm>.
- 2 Some researchers subsume IJV exit under IJV instability (e.g., Yan and Zeng 1999), while defining IJV instability in terms of changes in ownership structure (Franko 1971), drastic shifts in the parent control structure (Yan 1998), or inter-partner renegotiations of prior contracts (Blodgett 1992). In fact, the IJV still exists as a cooperative organization (i.e., survival; Das and Teng 2000) and modifications of the interfirm partnership may simply reflect usual adaptations to changing business conditions (Beamish and Lupton 2009; Yan 1998). Hence, as long as studies do not explicitly analyze either termination or longevity as a dependent variable, we exclude such articles from our sample.
- 3 We would like to thank all scholars who have reviewed our preliminary list of key words. Please contact the authors for a copy of the list.
- 4 We appreciated and followed the recommendation by one reviewer to conduct such a citation analysis. Due to the variety of sources (e.g., web of science, scopus, google scholar), incomplete data (e.g., volumes before 1997), missing reference points, and a bias towards more general IJV success factor studies, the findings of our citation analysis appear not to be reliable or sufficiently valid to avoid misinterpretation, hence we abstain from presenting the details here. However, we would appreciate sharing and discussing these results with anyone interested in this research field, on request.
- 5 Not all articles are equally relevant concerning the respective size of samples under study. For example, only 7% of the foreign subsidiaries that have been analyzed by Li (1995) are IJVs (we thank one of the reviewers for this important clarification).

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