



# Behavioral attributes and performance in international strategic alliances

## Review and future directions

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### Abstract

**Purpose** – The aim of this study is to provide a methodical, analytical, and focused review of international strategic alliance (ISA) studies examining empirically behavioral attributes' performance outcomes.

**Design/methodology/approach** – This study centers on an integrative analysis of 41 studies investigating the performance relevance of behavioral attributes. After developing a conceptual framework, which included two categories of these attributes – relationship capital (i.e. trust and commitment) and exchange climate (i.e. cooperation, communication, and conflict reduction) – the methodologies of the studies were profiled and their empirical findings aggregated. The accumulated effect of each behavioral attribute on performance and extent to which this effect varies in relation to ISA geographic location and type and study operating period was examined.

**Findings** – The review suggests that while there are direct links between behavioral aspects and alliance performance, the strength of these varies across the two categories. Of the relationship capital and exchange climate aspects, commitment and cooperation, respectively, prove most consistently positively linked to performance. Still, the results for all the behavioral attributes appear more consistent when taking the study context into consideration.

**Research limitations/implications** – Empirical research on behavioral attributes' links to alliance performance is still at an early stage of development and assertions concerning relationship management offering the key to ISA success are somewhat premature. Improvements need to be made in terms of conceptualizations, research designs, and analytical techniques used if the field is to build concrete theory on the subject.

**Practical implications** – It would appear that the behavioral paradigm can be relied on to pay-off in alliances involving only DC partner firms and/or a cooperative agreement structure, but should be applied more cautiously and selectively in LDC-DC and/or formal joint venture partnerships.

**Originality/value** – This is the first review exercise focused on providing fine-grained insights covering the complexity of the burgeoning literature on the behavioral paradigm's performance relevance in ISAs.

**Keywords** Strategic alliances, Globalization, International cooperation, Behaviour, Performance criteria

**Paper type** Literature review



## Introduction

Recent decades have witnessed a dramatic upsurge in the use of international strategic alliances (ISAs) by firms targeting globalization opportunities stemming from the increasing liberalization of national trade policies, growing stability in monetary transactions, and revolutionary advances in transportation, communication, and information technologies (Czinkota and Ronkainen, 2001; Robson *et al.*, 2002). ISAs are relatively enduring interfirm cooperative arrangements involving flows and linkages that use resources and/or governance structures from autonomous firms, based in different countries, for the joint accomplishment of individual goals (Beamish and Inkpen, 1995; Hitt *et al.*, 2000).

In line with international businesses' recognition of the importance of cross-border collaboration, academic research on ISAs has soared. For three decades, this field of study (Franko, 1971; Kogut, 1988; Kumar and Seth, 1998) emphasized the structural-functional (e.g. the legal, financial, and operational) side of building effective alliance strategies. Significant recent research (Inkpen and Birkenshaw, 1994; Kauser and Shaw, 2004; Parkhe, 1993), however, argues that the development and successful evolution of ISAs depends less on the formal set of arrangements (e.g. ownership) and more on the informal processes that encapsulate presence of goodwill between the (social) actors involved in the alliance exchange. This softer style of alliance management accentuates the cultivation of socio-psychological or behavioral attributes (notably trust and commitment) that are beneficial in the alliance working relationship (Morgan and Hunt, 1994). Trust and commitment – the essential threads of relationship capital in ISAs (Cullen *et al.*, 2000) – facilitate the functioning of simultaneously independent and interdependent alliance actors on a day-to-day basis, and the evolution of the alliance agreement beyond an arm's length contract to optimize performance (Cullen *et al.*, 2000).

Buchel's (2003) recent commentary on the alliance field cautioned that in response to near unanimous agreement that the performance of ISAs typically falls short of expectations, studies have too often advanced generic explanations for poor performance. The implication is that knowledge of self-evident reasons has done little to stem the flow of bad news. One such reason could conceivably involve building relationship capital in order to better manage ongoing ISA partnerships. Popular assertions as to the benefits of behavioral attributes in collaborative strategies (Eroglu and Yavas, 1996; Kauser and Shaw, 2004) may be ahead of empirical work demonstrating how they are best utilized. For instance, anecdotal evidence suggests situations in which trust can bind and blind alliance partners and lead to greater chicanery and inefficiencies than if it were absent (McEvily *et al.*, 2003). That we do not fully understand the "behavioral nexus" between structural-functional factors and alliance performance has impeded management practice (Sarkar *et al.*, 2001). It follows that a critical review of the role of behavioral attributes in enhancing ISA performance is urgently needed.

Previous attempts to review the empirical ISA performance literature (Krishnan and Cunha, 2004; Robson *et al.*, 2002; Reus and Ritchie, 2004) have directed future research to focus on behavioral antecedents that have proven most consistently (e.g. compared with contractual and control aspects) connected to performance. Extant review exercises have contributed much to the literature by highlighting its theoretical patchiness and lack of consolidation, among other things. However, they adopted a

macro-level of analysis, with the aim of integrating the diverse, scattered theoretical knowledge on ISA performance and its drivers. This broad scope precludes the provision of fine-grained insights covering the complexity of the burgeoning literature on the behavioral paradigm's performance relevance. Not only are previous reviews almost silent on the tendency of behavioral ISA studies to use conceptual and empirical approaches that are scattered and not theoretically anchored, they have only peripherally tackled whether research context idiosyncrasies (e.g. alliance location) render it impossible for individual studies to reach conclusive findings (Baird *et al.*, 1990). In the absence of a mid-level theory on relationship capital in ISAs, there is a need to systematically consolidate knowledge on the subject, since this may be beneficial to: managerial decision makers who could design interpartner relationship development programs that better cater for the needs of their ISAs; and academic researchers who might extract new ideas in order to promote theory building in this field of international marketing.

In light of these potential benefits, the aim of our study is to provide a methodical, analytical, and focused review of ISA studies examining empirically behavioral attributes' performance outcomes. We intend to extract from existing empirical research insights concerning several unresolved issues. First, should managers charged with developing an effective ISA strategy seek to emphasize the behavioral paradigm, *per se*, or manipulate select attributes that are likely to work best? Second, in their capacity for mitigating the unique complexities of managing partnerships that span national cultures (Inkpen and Birkenshaw, 1994), do behavioral attributes play a more important role in alliances involving LDC and DC partners than in DC-DC arrangements? Third, are behavioral attributes particularly important in building effective international cooperative agreements (ICAs) *vis-à-vis* international joint ventures (IJVs)? *Prima facie*, moving beyond contractual governance to use an equity division in structuring an alliance arrangement reduces the performance relevance of partner-relationship management routines (Kausar and Shaw, 2004; Yan and Gray, 2001). Fourth, can inconsistent findings concerning the impact of behavioral aspects on performance be attributed to the period of study, i.e. are empirical trends tied to methodological trends?

The remainder of the paper is organized as follows: first, the origins and theoretical underpinnings of the behavioral paradigm are discussed. Then, a methodological profile of the empirical ISA studies linking behavioral attributes to performance is provided. The next section synthesizes the available knowledge on these performance effects. Finally, some conclusions and implications are extracted from the findings.

### Theoretical framework

An examination of the ISA literature reveals that it evolved from a largely descriptive to a theoretically-anchored discipline in the late 1980s (Contractor and Lorange, 1988; Kogut, 1988). Hennart (1988) used the transaction cost economics perspective to explain why firms form and develop ISAs. This theory suggested ISA performance is determined by the extent to which production and transaction costs (e.g. opportunism) can be controlled, and soon became the principal theoretical approach to explaining alliance activity (Reus and Ritchie, 2004). Early work based on the organizational learning perspective (Kogut, 1988; Hamel *et al.*, 1991) argued that ISA success is determined by the extent to which a partner firm is able to enhance its knowledge

absorption from the counterpart and protect itself from the other side's learning efforts. Emphasis was placed on using bargaining power to control potentially hostile learning environments, e.g. in LDC-based ventures (Inkpen and Beamish, 1997). Harrigan (1988) advanced her strategy theory of alliance activity, positing that firms transact by the mode which maximizes profits through improving a firm's competitive position *vis-à-vis* rivals[1]. From this lens, the effective development of ISAs hinges on whether mutual coalignment/fit between parent strategy and alliance structure is achieved.

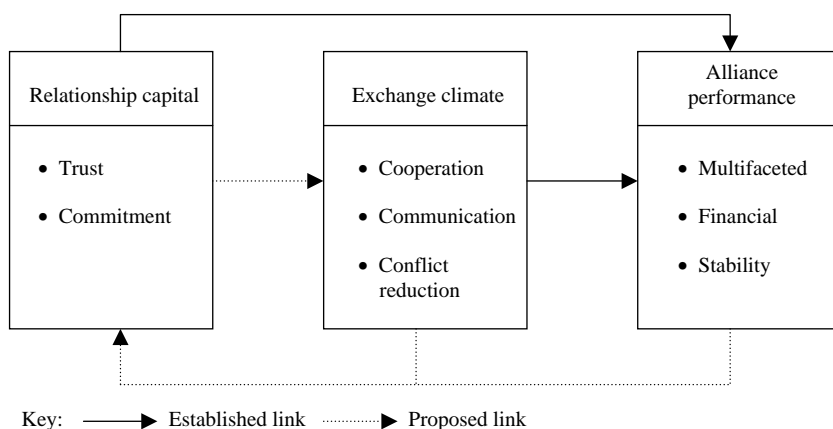
Early treatment of these theories in the ISA sphere sought to produce detailed solutions concerning the hard, functional side of alliance management. This body of work concentrated on economic, management, financial, and strategic factors that may have a bearing on ISA performance, such as ownership structure, management control, partner homogeneity, the number of partners, partner selection, and market entry timing (Lin and Germain, 1999). Notwithstanding the methodological standards maintained in these studies, the research findings are characterized by inconsistency (Robson *et al.*, 2002). In response to growing criticism that prior empirical work has not adequately recognized the inseparability of the outcome (e.g. control and survival) from the process (Madhok, 1995; Parkhe, 1993), a more recent stream of study has embraced the behavioral paradigm. This approach subsumes the belief that ISAs are a form of relational exchange in which behavioral elements (e.g. trust, commitment, and cooperation) play a key role in the ex post maintenance of interorganizational partnerships (Aulakh *et al.*, 1996; Inkpen and Currall, 1997).

Contemporary thinking (Inkpen and Currall, 2004) supports theory development exercises that cross-fertilize structural, transaction-oriented perspectives with the behavioral paradigm in pursuit of a holistic view of the ISA performance phenomena. Within this framework, Sarkar *et al.* (2001) argued the need to investigate behavioral attributes which occupy the nexus between ex ante structural-functional aspects of partnerships and alliance performance. But still, an overemphasis on the structural features of interorganizational exchange results in the neglect of important process issues which add value to the exchange (Zajak and Olsen, 1993). Subtle and fine-grained insights that can be obtained from more expansive studies of socio-psychological factors are difficult to capture in structure-centered theoretical approaches (Madhok, 1995).

Despite significant research suggesting post-formation behavioral processes drive ISA performance outcomes, we are unclear on the position and role of relationship capital within the aforementioned nexus. Previous attempts to understand the role of behavioral attributes in influencing performance are characterized by diversity owing to the: lack of theory on the subject; difficulty of conceptualizing and operationalizing behavioral variables; collection of cross-sectional rather than longitudinal data; and tendency to tackle only the direct impact of behavioral attributes on performance. Nevertheless, the extant literature points to the existence of three basic components of the behavioral process of ISA management:

- (1) relationship capital aspects;
- (2) exchange climate aspects; and
- (3) alliance performance (Figure 1)[2].

Relationship capital aspects reflect the long and sticky nature of the relationship that constitutes a realistic alternative to egotistical power and control strategies. We assert



**Figure 1.**  
Behavioral process of ISA management

that trust and commitment are the fundamental ties that bind the partners and afford the preservation of relationship investments (Morgan and Hunt, 1994). Trust exists when one ISA partner is willing to rely on the counterpart in which it has confidence (Moorman *et al.*, 1993). The presence of trust is a critical factor in the relational governance of ISA partnerships because of the problem of high dependency in the face of uncertainty and potential opportunism (Luo, 2002a). Commitment reflects an ISA partner believing its ongoing relationship with the counterpart is so important as to warrant maximum efforts (e.g. non-contractual support) to maintain it (Sarkar *et al.*, 2001). Pledges and demonstrations of relational continuity by the two sides of an ISA are crucial to the creation of reciprocal obligations within the business (Madhok, 1995). Alliance partner trust and commitment are distinct concepts, but are founded in closely related beliefs (e.g. both have cognitive and affective sides) and mutually reinforcing in practice (Cullen *et al.*, 2000).

Exchange climate aspects capture the complex and dynamic interchange between ISA partners that trust one another and are committed to their relationship. Morgan and Hunt (1994) theorized that the logic of why trust and commitment affect the performance of interfirm partnerships focuses on their producing various qualitative outcomes (e.g. acquiescence and cooperation) central to relationship marketing success. Our review identifies three behaviors suggestive of a continued benevolent exchange in ISAs: cooperation, communication, and conflict reduction. Cooperation refers to similar or complementary coordinated actions taken by the alliance partners to achieve mutual outcomes or singular outcomes with expected reciprocation over time (Anderson and Narus, 1990). A cooperative ISA is one in which the partner firms are integrated within a strong relationship. This integration encourages partner flexibility and forbearance in the allocation of resources (Luo, 2002a), although an approximate balance is required over the longer term for its sustenance (Arino and de la Torre, 1998; Blau, 1964). The value of partner cooperation is that it alters the ISA incentive structure and ultimately leads to the maximum joint pay-off for the partners (Luo, 2002b).

Communication is defined as the formal as well as informal sharing of meaningful and timely information between the alliance partners (Anderson and Narus, 1990). Extensive communication demonstrates openness, which reflects the willingness and ability of the ISA partners to share information or knowledge embodied in

organizational skills and routines (Inkpen and Birkenshaw, 1994). Communication processes underlie most aspects of how alliances function and, thus, are critical to venture success (Kausser and Shaw, 2004).

Conflict reduction reflects the management of conflict. The literature (Mohr and Spekman, 1994) suggests successful alliance partnerships are more likely to recognize the potential for interfirm disagreements and try to reduce their frequency, intensity, and duration (Anderson and Narus, 1990)[3]. There will always be conflict in interfirm exchanges due to instrumental considerations, and conflict will always be a major catalyst for the demise of ISA working relationships (Buchel, 2000; Lin and Germain, 1998). It is, therefore, crucial for conflict to be resolved effectively so as to prevent stagnation and failure. As with relationship capital aspects, and in line with several works (Anderson and Narus, 1990; Buchel, 2000; Kausser and Shaw, 2004; Simiar, 1983), we posit that the three exchange climate constituents are fundamental but closely associated concepts in ISAs.

Alliance performance spans three distinct ISA performance measurement approaches identified in the literature. The first is multifaceted assessment, where diverse IJV performance facets (i.e. market and financial outcomes together with inputs and throughputs such as employee morale and knowledge acquisition) are incorporated into the measurement (Robson *et al.*, 2002). The rationale for this approach lies in that single-facet performance measures may not adequately capture the extent to which an ISA has achieved its objectives (Lyles and Salk, 1996). Multifaceted assessment of ISA performance is customarily based upon managers' perceptual judgements, whereby respondents are asked to self-rate performance to:

- give an overall viewpoint on satisfaction with performance or goal achievement (Cullen *et al.*, 2000); and/or
- provide indications along multiple, specific outcome dimensions (Tsang *et al.*, 2004).

Second is financial assessment, where performance is usually appraised on the basis of objective indicators (profitability, sales growth) that constitute the dominant model of empirical strategy-performance research (Luo, 2002a). Still, some studies have operationalized financial performance using perceptual measures based on managerial assessment of ISA economic goal attainment (Zeybek *et al.*, 2003). The third approach is also unidimensional and involves assessing ISA stability, in terms of operational survival (e.g. rate of unexpected dissolution). Stability measurement has the benefit of being fully objective, insofar as it is based on systematic tracking, whereas financial indicators may be inaccurate or difficult to interpret (Anderson, 1990). A key advantage of financial and stability approaches is that the threat of mono-method bias looms large in a study that collects all of its data (for predictor and criterion variables) using a survey. Fortunately, with procedural (e.g. use of multiple informants) and statistical (e.g. Harman's one-factor test) care, subjective performance measures may be used with some confidence (Fryxell *et al.*, 2002).

### Review profile

Having developed the conceptual framework, we now proceed to aggregate empirical findings pertinent to the subject. Our investigation focuses on studies examining how behavioral attributes relate to ISA performance. Studies eligible for inclusion had to: be

empirical in nature, based on the collection and analysis of primary and/or secondary data; clearly conceptualize relationship capital and/or exchange climate aspects as well as indicators of ISA performance; document explicitly new research findings; consider the individual ISA venture as the unit of analysis (Emden *et al.*, 2004); and be published in English since the inception of this body of research. Eligible studies were identified using a combination of manual and computerized (ABI/INFORM, SWETSCAN, Science Direct, and Emerald Fulltext) literature search methods. In total, 41 articles appearing before the end of 2004 were identified, published in 23 literature sources – most commonly *Journal of International Business Studies*, *Journal of World Business*, *International Business Review*, and *Journal of International Marketing*.

Table I outlines the methodological characteristics of the studies selected for the review. The first published study of behavioral attributes and performance in ISAs appeared in the early 1980s, with the work of Simiar (1983). However, it was not until the mid-1990s that the subject started to generate research interest and publications, probably due to an emerging theoretical foundation for this avenue of study (Madhok, 1995; Morgan and Hunt, 1994). About 37 of the 41 studies reviewed have been published since 1995.

Study samples ranged from only one to as high as 2,442 alliances, with 32 percent (13 of 41 studies) reaching three figures. Notably, greater emphasis was placed on generating a large sample of ISAs in contemporary research work (9 of the 13) than in older studies[4]. Although most studies have used a relatively small sample (< 100 cases), this is not to call into question their representability as many have adopted strict controls in defining the ISA population. About 34 studies (83 percent) were on IJVs exclusively, while the remaining seven employed a sample that featured ICAs[5]. Again 34 studies focused on one or two national alliance populations, frequently China or another Asian LDC. Reflecting this, 28 studies (68 percent) featured partnerships of the LDC-DC form, with the rest (13 studies) concentrating on DC-DC alliances[6]. Ten studies focused on only one or two industries (e.g. telecoms equipment or chemicals), a further eleven developed manufacturing sector samples, while the remaining 20 adopted a broader cross-section of industries (e.g. also including some construction or services ISAs). Relative to pre-1996 (fieldwork time) studies, post-1996 work used a cross-section more often (57 percent versus 40 percent) and specific industries less often (19 percent versus 30 percent).

In seven studies (17 percent) data collection involved more than one point in time. Studies generated data more often using interviews (26 personal and four telephone interviews) than self-administered questionnaires (19 mail and two drop-in surveys). In particular, the personal interview is the mainstay of post-1996 research designs (16 of the 26). Nine studies used secondary data, but only one (Hu and Chen, 1996) did so exclusively. Gathering secondary data to validate primary key informant data, and even to provide an objective performance indicator, proved twice as prevalent in the post-1996 fieldwork set. The same number (20) of primary data studies relied on a single alliance or parent firm manager to inform on each case as used multiple informants for some or all of their cases. Of the 20 multiple informant studies 13 were from the post-1996 group.

About 22 studies included behavioral attributes from both the relationship capital and exchange climate domains. Relationship capital and exchange climate were considered separately in ten and nine studies, respectively. Interestingly, post- rather

**Table I.**  
Methodological profile of empirical studies on the behavioral attributes – ISA performance relationship

| Study                        | Sample  | Partners                                | Industrial coverage        | Type of data | Data collection  | Constructs  | Statistical analysis                      | Relationship capital on performance                                      |
|------------------------------|---|---|----------------------------|--------------|--|---|---|--|
| Simiar (1983)                | 29 JVs in Iran                                | Iranian-foreign (DO)                    | Cross-section              | One-shot     | Unstructured personal interviews (managers in alliance)  | RC (trust); EC (conflict reduction, communication); AP (stability)        | None evident                              | Direct effects tested  |
| Habiband Burnett (1989)      | 123 JVs in the US                             | US-other DC                             | Chemical and petrochemical | One-shot     | Mail survey (manager in at least one parent firm – 161 managers in 123 cases)  | EC (conflict reduction); AP (multifaceted)                                | EFA; correlations                         | Direct effects tested  |
| Inkpen and Birkenshaw (1994) | 40 JVs in the US and/or Canada                | US or Canadian-Japanese                 | Automotive                 | One-shot     | Mail survey, semi-structured personal interviews, follow-up telephone interviews in one-third of cases (manager in alliance)                       | RC (trust); EC (cooperation, communication); AP (multifaceted)            | SEM                                       | Direct effects tested; indirect effects tested                           |
| Lyles and Baird (1994)       | 60 JVs in Hungary and/or Poland               | Hungarian or Polish-foreign (mostly DC) | Cross-section              | One-shot     | Structured personal interviews (manager in alliance)   | RC (commitment); EC (cooperation, conflict reduction); AP (multifaceted)  | Correlations; regression                  | Direct effects tested  |
| Lee and Beamish (1995)       | 31 JVs in several countries                   | Local (LDO)-Korean                      | Manufacturing              | One-shot     | Mail survey (manager in alliance)  | RC (commitment); AP (multifaceted)  | Regression                                | Direct effects tested  |
| Aulakh <i>et al.</i> (1996)  | 181 ICAs in several countries                 | Local (mostly LDC)-US                   | Manufacturing              | One-shot     | Mail survey (manager in parent firm)   | RC (trust, commitment); EC (cooperation, communication) AP (multifaceted) | EFA; regression; Harman's one-factor test | Direct effects tested; indirect effects tested; moderated effects tested |
| Eroglu and Yavas (1996)      | 60 JVs in Saudi Arabia                        | Saudi-US                                | Cross-section              | One-shot     | Drop-in survey (manager in alliance)   | EC (conflict reduction); AP (multifaceted)                                | Regression                                | N/A  |
| Fey (1996)                   | 34 JVs in Russia (includes four case studies) | Russian-foreign (mostly DC)             | Manufacturing              | One-shot     | Structured telephone interviews (manager in alliance), unstructured personal interviews in four cases (managers in alliance and both parent firms) | RC (trust, commitment); EC (communication); AP (multifaceted)             | Correlations; discriminant analysis       | Direct effects tested  |
| Hu and Chen (1996)           | 2442 JVs in China                             | Sino-foreign (mostly DC or NIE)         | Manufacturing              | Longitudinal | Secondary data (two sources)   | RC (commitment); AP (multifaceted)  | t-test; regression                        | Direct effects tested  |

(continued)



| Study                        | Sample                                 | Partners                               | Industrial coverage | Type of data | Data collection   | Constructs  | Statistical analysis                                   | Relationship capital on performance            |
|------------------------------|--|--|---------------------|--------------|---|---|--|--|
| Lyles and Salk (1996)        | 50 JVs in Hungary                      | Hungarian-foreign (mostly DC)          | Cross-section       | One-shot     | Structured personal interviews (manager in alliance)  | RC (commitment); EC (conflict reduction); AP (multifaceted)                       | Correlations; regression                               | Direct effects tested; indirect effects tested |
| Ding (1997)                  | 34 JVs in China                        | Sino-US                                | Manufacturing       | One-shot     | Mail survey (manager in alliance), semi-structured personal interviews in 18 cases (manager(s) in alliance) | EC (conflict reduction); AP (multifaceted)  | Correlations; regression                               | Direct effects tested                          |
| Inkenpen and Currell (1997)  | 35 JVs in the US, Canada, and/or Japan | US or Canadian-Japanese                | Automotive          | One-shot     | Mail survey (manager in alliance)   | RC (trust); EC (cooperation); AP (multifaceted)                                   | Correlations; regression                               | Direct effects tested; indirect effects tested |
| Arimo and de la Torre (1998) | one JV with world-wide scope           | US-French                              | Consumer products   | Longitudinal | Unstructured personal interviews (managers in alliance), secondary data (financial)                         | RC (trust); EC (cooperation, conflict reduction); AP (stability)                  | None evident   | Direct effects tested; indirect effects tested |
| Chen and Boggs (1998)        | 33 JVs in China                        | Sino-foreign (mostly DC or NIE)        | Cross-section       | One-shot     | Mail survey (manager in alliance)   | RC (trust); AP (stability)  | Correlations; regression                               | Direct effects tested                          |
| Lin and Germain (1998)       | 67 JVs in China                        | Sino-US                                | Cross-section       | One-shot     | Drop-in survey (managers) in alliance - 94 managers in 67 cases   | EC (conflict reduction); AP (multifaceted)  | EFA; correlations; SEM                                 | N/A  |
| Ramasathan and Loo (1998)    | 164 ISAs (JVs and ICAs) in Singapore   | Singaporean-foreign (mostly DC or NIE) | Cross-section       | One-shot     | Mail survey (manager in parent firm)  | RC (trust, commitment); EC (communication, conflict reduction); AP (multifaceted) | EFA; regression  | Direct effects tested                          |
| Sin and Ali (1998)           | 59 JVs in Bangladesh                   | Bangladeshi-foreign (mostly DC or NIE) | Cross-section       | One-shot     | Structured personal interviews (manager in alliance)  | EC (conflict reduction); AP (multifaceted)  | Correlations; ANOVA; discriminant analysis; regression | N/A  |
| Lyles <i>et al.</i> (1999)   | 30 JVs in Malaysia                     | Malaysian-foreign (mostly DC or NIE)   | Manufacturing       | One-shot     | Structured personal interviews (manager in alliance), secondary data  | RC (trust, commitment); EC (conflict reduction); AP (multifaceted)                | Correlations; regression                               | Direct effects tested                          |

(continued)

Table I.

Table I.

| Study                         | Sample  | Partners                        | Industrial coverage                | Type of data | Data collection  | Constructs  | Statistical analysis                        | Relationship capital on performance             |
|-------------------------------|---|---------------------------------|------------------------------------|--------------|--|---|---|---|
| Wang <i>et al.</i> (1999)     | 132 JIVs in China                             | Sino-Singaporean                | Cross-section                      | One-shot     | Mail survey (manager in parent firm or alliance); unstructured personal interviews for at least 32 JIVs (manager in parent firm and/or alliance) | RC (commitment); EC (cooperation); AP (multifaceted)                              | t-test                                      | Direct effects tested                           |
| Buchel (2000)                 | one JIV in Sweden and France (case study)     | Swedish-US                      | Telecoms equipment                 | Longitudinal | Unstructured personal interviews (managers in alliance and both parent firms)  | EC (cooperation, communication, conflict reduction); AP (stability)               | None evident                                | N/A   |
| Cullen <i>et al.</i> (2000)   | 177 ISAs (JIVs and ICAs) in several countries | Japanese-mostly US or other DC  | Cross-section                      | One-shot     | Mail survey (managers in alliance – 348 managers in 177 cases)   | RC (trust, commitment); AP (multifaceted)   | Correlations                                | Direct effects tested; moderated effects tested |
| Demirbag and Mirza (2000)     | 47 JIVs in Turkey                             | Turkish-foreign (DC)            | Manufacturing                      | One-shot     | Structured personal interviews (manager in parent firm)  | RC (commitment); EC (conflict reduction); AP (multifaceted)                       | EFA; regression                             | Direct effects tested; indirect effects tested  |
| Hyder and Ghauri (2000)       | Two JIVs in India (case studies)              | Indian-Swedish                  | Non-consumer electronics           | Longitudinal | Unstructured personal interviews (managers in alliance and both parent firms)  | RC (trust, commitment); EC (communication, conflict reduction); AP (multifaceted) | None evident                                | Direct effects tested; indirect effects tested  |
| Isobe <i>et al.</i> (2000)    | 220 JIVs in China                             | Sino-Japanese                   | Manufacturing                      | One-shot     | Mail survey (manager in alliance), secondary data (financial) for some cases   | RC (commitment); AP (multifaceted)  | Correlations; SEM; Harman's one-factor test | Direct effects tested                           |
| Jennings <i>et al.</i> (2000) | One JIV in Australia (case study)             | Australian-US                   | Pharmaceuticals                    | Longitudinal | Unstructured personal interviews (managers in alliance and both parent firms)  | RC (trust, commitment); EC (communication); AP (financial)                        | None evident                                | Direct effects tested; indirect effects tested  |
| Steenma and Lyles (2000)      | 121 JIVs in Hungary                           | Hungarian-foreign (DC)          | Cross-section                      | Longitudinal | Structured personal interviews (manager in alliance)   | RC (commitment), EC (conflict reduction); AP (stability)                          | Correlations; SEM                           | Direct effects tested; indirect effects tested  |
| Yan and Child (2000)          | 67 JIVs in China                              | Sino-foreign (mostly DC or NIE) | FMCGs and non-consumer electronics | One-shot     | Semi-structured personal interviews (managers in alliance), secondary data (financial) for some cases  | RC (commitment); AP (multifaceted)  | Correlations                                | Direct effects tested; moderated effects tested |

(continued)

| Study                         | Sample   | Partners                              | Industrial coverage   | Type of data | Data collection   | Constructs   | Statistical analysis                               | Relationship capital on performance             |
|-------------------------------|--|---------------------------------------|-----------------------|--------------|---|--|--|---|
| Griffith <i>et al.</i> (2001) | 87 JIVs in Kazakhstan                          | Kazakhstan-foreign (mostly DC or NIE) | Cross-section         | One-shot     | Structured personal interviews (managers in alliance – 174 managers in 87 cases)  | RC (commitment); AP (multifaceted)   | Correlations; SEM                                  | Direct effects tested                           |
| Lane <i>et al.</i> (2001)     | 78 JIVs in Hungary                             | Hungarian-foreign (mostly DC)         | Cross section         | Longitudinal | Structured personal interviews (manager in alliance)  | RC (trust, commitment); EC (cooperation); AP (multifaceted)                | Correlations; regression; Harman's one-factor test | Direct effects tested; indirect effects tested  |
| Sarkar <i>et al.</i> (2001)   | 68 ICAs in several countries                   | Mostly DC                             | Construction          | One-shot     | Mail survey (manager in parent firm)  | RC (trust, commitment); EC (communication); AP (multifaceted)              | Correlations; SEM                                  | Direct effects tested                           |
| Yan and Gray (2001)           | 90 JIVs in China                               | Sino-US                               | Cross-section         | One-shot     | Mail survey, follow-up telephone or personal interviews in 18 cases (manager(s) in alliance-sub-sample of second informants in 27 cases for corroboration); secondary data for some cases | EC (cooperation, conflict reduction); AP (multifaceted)                    | Correlations; MANOVA; regression                   | N/A   |
| Gebrekidan and Awuah (2002)   | Three ICAs (case studies) in several countries | Swedish-Dutch, US, or Japanese        | Health care equipment | One-shot     | Unstructured personal interviews (manager in parent firm)   | RC (trust, commitment); EC (cooperation, communication); AP (multifaceted) | None evident                                       | Direct effects tested; indirect effects tested  |
| Fryxell <i>et al.</i> (2002)  | 129 JIVs in the US                             | US-foreign (mostly DC)                | Manufacturing         | One-shot     | Mail survey (manager(s) in alliance – sub-sample of second informants in 51 cases for corroboration)  | RC (trust); EC (communication); AP (multifaceted)                          | EFA; correlations; SEM; Harman's one-factor test   | Direct effects tested; moderated effects tested |
| Luo (2002a)                   | 255 JIVs in China                              | Sino-foreign (mostly DC)              | Manufacturing         | One-shot     | Mail survey (manager in alliance), follow-up semi-structured personal interviews in 22 cases (managers in alliance), secondary data (financial)   | RC (trust, commitment); AP (financial)                                     | CFAs; correlations; regression                     | Direct effects tested; moderated effects tested |

(continued)

Table I.

Table I.

| Study                         | Sample                                       | Partners                              | Industrial coverage | Type of data | Data collection   | Constructs   | Statistical analysis     | Relationship capital on performance                                      |
|-------------------------------|--|---------------------------------------|---------------------|--------------|---|--|--------------------------|--|
| Luo (2002b)                   | 233 IJVs in China                            | Sino-foreign (DC)                     | Manufacturing       | One-shot     | Mail survey (manager in alliance), semi-structured personal interviews in 22 cases (managers in alliance), secondary data (financial)                                   | EC (cooperation), AP (financial)   | Correlations; regression | N/A  |
| Robson (2002)                 | 94 ISAs (IJVs and ICAs) in several countries | UK-other DC                           | Cross-section       | One-shot     | Structured personal interviews (manager in alliance or parent firm)   | EC (cooperation), AP (multifaceted)  | t-test                   | N/A  |
| Zeybek <i>et al.</i> (2003)   | 85 IJVs in Kazakhstan                        | Kazakh-foreign (mostly DC or NIC)     | Cross-section       | One-shot     | Structured personal interviews (managers in alliance – 170 managers in 85 cases)  | RC (commitment); EC (communication); AP (financial)  | Correlations; SEM        | Direct effects tested; indirect effects tested                           |
| Dhanaraj <i>et al.</i> (2004) | 140 IJVs in Hungary                          | Hungarian-foreign (mostly DC)         | Cross-section       | One-shot     | Structured personal interviews (manager in alliance), unstructured personal interviews in eight cases (managers in alliance), secondary data (financial) for some cases | RC (trust, commitment); AP (multifaceted)  | Correlations; SEM        | Direct effects tested; indirect effects tested; moderated effects tested |
| Kauser and Shaw (2004)        | 114 ISAs (IJVs and ICAs) in the UK           | UK-other DC                           | Cross-section       | One-shot     | Mail survey (manager in alliance)   | RC (trust, commitment); EC (cooperation, communication, conflict reduction); AP (multifaceted) | EFA; regression          | Direct effects tested  |
| Tsang <i>et al.</i> (2004)    | 89 IJVs in Vietnam                           | Vietnamese-foreign (mostly DC or NIE) | Cross-section       | One-shot     | Mail survey (manager in alliance)   | RC (commitment); EC (cooperation, conflict reduction); AP (multifaceted)                       | Correlations; SEM        | Direct effects tested; indirect effects tested                           |
| Yan and Child (2004)          | 28 IJVs in China                             | Sino-foreign (mostly DC or NIE)       | Cross-section       | One-shot     | Semi-structured personal interviews (managers in alliance and both parent firms)  | RC (commitment); AP (multifaceted)   | Regression               | Direct effects tested; indirect effects tested                           |

Notes: RC – relationship capital, EC – exchange climate, AP – alliance performance

than pre-1996 research work was inclined (seven versus three instances) to study relationship capital in isolation from exchange climate. This may be a response to theoretical developments in the middle 1990s, such as Morgan and Hunt's (1994) trust-commitment theory, elevating these above all other socio-psychological variables. To this point, of the ten post-1996 studies of trust, only one (Fryxell *et al.*, 2002) did not also consider the effects of commitment, compared to the pre-1996 set where five out of nine trust studies omitted commitment. Many more studies (32) used multivariate performance indicators than relied on financial or stability performance measurement (four and five, respectively). This 78 percent usage of multivariate indicators is a sizeable jump from the 46 percent recorded in an earlier review of the IJV performance literature (Robson *et al.*, 2002).

Statistical analysis of the relationships between the focal variables typically involved bivariate methods (e.g. correlations and *t*-test) (28 studies) and/or first-generation multivariate methods (e.g. regression and discriminant analysis) (20 studies). Second-generation multivariate methods (i.e. structural equation modeling (SEM)) were used in ten studies. SEM was more widely used post-1996, with seven studies, compared to just three, pre-1996. This increase has contributed to the gradual decline in the popularity of first-generation approaches to testing multiple relationships involving behavioral attributes. Sixteen studies, eleven of which were post-1996, employed exploratory and/or confirmatory factor analysis (EFA/CFA) in an effort to demonstrate the convergent validity of the conceptualized factor structure.

The possibility that the links between relationship capital aspects and alliance performance are conditioned by other variables (i.e. behavioral outcomes (Morgan and Hunt, 1994)) was examined in 19 of the 41 studies. Specifically, 15 studies (ten were post-1996) investigated an indirect link, while six (five post-1996) considered moderation. Two noteworthy efforts (Aulakh *et al.*, 1996; Dhanaraj *et al.*, 2004) considered both indirect and moderation relationships for relationship capital aspects.

Common method bias is a potential problem for the studies reviewed, since the frequent use of perceptual performance indicators provides informants with the opportunity to present both relational and performance aspects of their ISAs in an unrealistically favorable light. The associated measurement error may provide an alternative explanation for the observed relationships between the variables of interest. Of the studies 24 (59 percent) have used at least one technique (e.g. data from different informants and/or methods, temporal separation of measurement, and Harman's single-factor test (Podsakoff *et al.*, 2003)) addressing common method bias. Yet, not all of these (pre-1996 studies especially) have considered explicitly method biases and submitted a correlation matrix.

Empirical findings extracted from the studies were aggregated to determine the relative importance of the behavioral attributes identified as influencing ISA performance. The accumulated effect of each attribute on performance and extent to which this effect varies in relation to ISA geographic location and type and study operating period, were examined (Table II). The nature of association (positive, negative, or not significant at the 5 percent level) between each behavioral attribute and ISA performance is thus illustrated across the two attribute groups[7].

**Table II.**  
ISA performance effects  
of behavioral attributes

| Behavioral attributes       | Overall results |    | ISA geographic location |    |     |     | ISA type |           | Study period |  |
|-----------------------------|-----------------|----|-------------------------|----|-----|-----|----------|-----------|--------------|--|
|                             | Total           | 0  | LDC                     | DC | IJV | ICA | Pre-1996 | Post-1996 |              |  |
| <i>Relationship capital</i> |                 |    |                         |    |     |     |          |           |              |  |
| Trust                       | 19              | 10 | 6                       | 4  | 7   | 4   | 4        | 6         | 3            |  |
| Commitment                  | 25              | 15 | 11                      | 4  | 10  | 6   | 7        | 8         | 8            |  |
| <i>Exchange climate</i>     |                 |    |                         |    |     |     |          |           |              |  |
| Cooperation                 | 14              | 9  | 3                       | 6  | 4   | 1   | 4        | 1         | 3            |  |
| Communication               | 12              | 6  | 3                       | 3  | 3   | 3   | 2        | 4         | 1            |  |
| Conflict reduction          | 18              | 9  | 5                       | 4  | 7   | 2   | 7        | 5         | 4            |  |

### Relationship capital aspects

Numerous studies have investigated the performance relevance of relationship capital, placing slightly more emphasis on commitment (25 studies) than trust (19 studies). Although trust is conceptualized consistently as a core social input to interorganizational exchange management, commitment offers the benefit of utility and has been applied to the case of alliances using various theoretical lenses, such as knowledge- and resource-based perspectives (Isobe *et al.*, 2000; Sarkar *et al.*, 2001; Steensma and Lyles, 2000).

While ten studies (Fey, 1996; Lane *et al.*, 2001; Rameshan and Loo, 1998) found trust to be positively associated with alliance performance, another nine (Inkpen and Birkenshaw, 1994; Inkpen and Currall, 1997; Sarkar *et al.*, 2001) revealed no significant relationship. This confusion over the importance of trust as a predictor of performance can be reduced by considering ISA type, insofar as trust appears to have a stronger discriminating effect on performance in ICAs than in IJVs. Further, studies in the earlier stage of this body of research more often found no association than a positive association, and the opposite was true for the more recent work. The tendency of contemporary work to affirm trust's positive impact on performance may be linked to two methodological developments:

- (1) recent studies using global trust measurement scales that better represent this multifaceted construct (Luo, 2002a; Lyles *et al.*, 1999); and
- (2) recent studies not testing statistically for mediation (e.g. by an exchange climate aspect) of the trust–performance relationship (cf. Inkpen and Currall, 1997; Gebrekidan and Awuah, 2002).

With regard to commitment, fifteen studies (Cullen *et al.*, 2000; Hyder and Ghauri, 2000; Tsang *et al.*, 2004) indicated that this factor is linked positively to ISA performance, whereas ten others (Demirbag and Mirza, 2000; Lee and Beamish, 1995; Zeybek *et al.*, 2003) revealed no significant association. Here, ISA geographic location, ISA type, and study period all play strong conditioning roles. Studies are liable to arrive at a positive association for the commitment–performance link when they involve DC rather than LDC locations, ICAs rather than IJVs, and/or pre- rather than post-1996 research designs. Interestingly, the latter result is the inverse of time of study's effect on the trust–performance link. This may be a reflection of the tendency among contemporary research work (Demirbag and Mirza, 2000; Luo, 2002a; Steensma and Lyles, 2000) to model commitment as a background/contextual factor that impacts performance indirectly through, or conditions the influence of, another variable. Unlike trust, commitment is occasionally cast in a supporting role in modern efforts to model drivers of ISA performance.

### Exchange climate aspects

Notwithstanding the unrivalled influence of the behavioral outcome, cooperation, in promoting relationship marketing success (Morgan and Hunt, 1994), it featured in only 14 ISA performance studies. Conflict reduction received more emphasis (18 studies), which may be because this aspect lends itself to relatively uniform conceptualization and resonates with endeavors to address the dark side of cross-cultural alliances. Communication received the least research attention of the three exchange climate aspects, with twelve studies. Even though communication openness may be closely

associated with the achievement of knowledge acquisition goals in ISAs (Inkpen and Birkenshaw, 1994), it has not been researched heavily from an organizational learning perspective.

The thrust of studies (nine of the 14) on the relationship between partner cooperation and ISA performance reported a positive correlation (Buchel, 2000; Robson, 2002; Yan and Gray, 2001). Of the remainder, four studies (Tsang *et al.*, 2004; Wang *et al.*, 1999) found no correlation and the final one (Lyles and Baird, 1994) revealed a negative correlation. For this aspect, studies featuring DC-DC partnerships and ICAs proved the most likely to find a positive association.

Investigation of the influence of communication between the partners on alliance performance produced various findings. Six studies supported a positive association (Hyder and Ghauri, 2000; Ramaseshan and Loo, 1998; Zeybek *et al.*, 2003), five no significant association (Aulakh *et al.*, 1996; Fryxell *et al.*, 2002; Sarkar *et al.*, 2001), and one a negative association (Fey, 1996). Consideration of the period of study reveals that, while post-1996 attempts to link communication to performance typically demonstrated a positive association, earlier work has provided contradictory findings. A closer inspection of these studies reveals recent advances in the conceptualization and operationalization of communication behavior, which could account for greater conformity among post-1996 studies as to its performance relevance (Aulakh *et al.*, 1996; Zeybek *et al.*, 2003).

The 18 studies examining the performance effects of conflict reduction are split evenly between advocating a positive (Ding, 1997; Habib and Burnett, 1989; Lin and Germain, 1998) or no significant (Demirbag and Mirza, 2000; Eroglu and Yavas, 1996; Lyles and Baird, 1994) relationship. Those studies with a DC geographic location and/or ICA focus invariably found a positive link, whereas studies on LDC locations and/or IJVs usually established no association. More recent research designs have been relatively unsuccessful in linking conflict reduction to alliance performance, but this may be because older studies on the subject more often employed a DC setting. Still, there is inconsistency in the effort studies devoted towards capturing the conflict phenomenon. Many of the stronger conceptualizations and operationalizations of conflict reduction appeared in pre-1996 studies (Arino and de la Torre, 1998; Ding, 1997; Lin and Germain, 1998); though not many of the studies (six from 18) considering conflict reduction were from the later time period.

### Summary and conclusions

ISA management decision rules based on behavioral attributes are meaningful only if they can be demonstrated to enhance venture performance. Previous reviews of ISA management knowledge have highlighted the broad importance of behavioral attributes, but have not attempted a systematic consolidation of the burgeoning literature on these attributes' performance relevance. Accordingly, the main aim of this review was to provide a detailed assessment of the status of the ISA literature on behavioral attributes' performance relevance.

Our review suggests that empirical research on behavioral attributes' links to alliance performance is still at an early stage of development and assertions concerning relationship management offering the key to ISA success are somewhat premature. We have demonstrated that the area is characterized by the adoption of diverse and often inadequate conceptualizations, research designs, and analytical techniques, which may



be responsible for the generation of contradictory findings. Compared to earlier studies, which were largely exploratory in nature, significant progress has been made in the last decade by using more robust methods of investigation. Yet there is a long way to go before concrete theory on the subject can be built.

Based on theoretical developments in the literature (Cullen *et al.*, 2000; Morgan and Hunt, 1994), we conceptualized two categories of behavioral attributes: relationship capital aspects (trust and commitment) that provide the foundation for partners' investments in time and effort toward building positive feelings and interaction patterns in the ISA; and exchange climate aspects (cooperation, communication, and conflict reduction), which constitute the interchange between ISA partners that trust one another and are committed to their relationship. Our review of the pertinent research suggests that while there are direct links between behavioral aspects and alliance performance, the strength of these varies across the two categories. Cooperation is the most consistent in its positive effect on performance (64 percent of studies), followed closely by commitment (60 percent), then trust (53 percent), and finally communication and conflict reduction (both 50 percent). That commitment and trust break up the exchange climate aspects is significant, as these relationship capital aspects provide the foundations for a healthy exchange climate and can impact performance indirectly through the likes of communication and conflict reduction (Arino and de la Torre, 1998; Cullen *et al.*, 2000; Zeybek *et al.*, 2003).

The results for all the behavioral attributes appear more consistent when taking into consideration study context, in terms of ISA geographic location and type and study period. First, while the literature has stipulated differences in DC and LDC alliance strategies (e.g. in terms of partner motivations, ownership, and venture autonomy) and that managers should probably formulate separate administrative policies for these ISA contexts (Beamish, 1985), prior research is less than clear on how managers should implement this advice. One might presume that behavioral attributes play a particularly important role in LDC-DC partnerships (*vis-à-vis* DC-DC tie-ups), because of enhanced uncertainty and risk and greater diversity of attitudes, beliefs, processes, goals, and values relevant to organizational decision-making (Lane and Bachmann, 1998). This is borne out by the fact that a large number of partner-relationship management studies generated data on LDC-DC alliances. Nonetheless, the aggregated results indicate that three of the five behavioral attributes (i.e. commitment, cooperation, and conflict reduction) play a greater role in DC-DC ISAs. The implication for managers is that the behavioral paradigm can be relied on to pay-off in DC alliance settings, but should be applied more cautiously and selectively in LDCs. *Prima facie*, this finding suggests LDC ventures may require a strategy that contains a feel-good relational element, but also has a calculative element that deals directly with relational and performance risks. The proviso of interpartner governance equality is important in encouraging the functional role of relationship quality in generating a productive, give-and-take operating environment free from exploitation (Reus and Ritchie, 2004). But this condition is uncommon in LDC alliance populations (Beamish, 1985).

Second, we found that the behavioral attributes are susceptible to the influence of ISA type. For each attribute the proportion of studies finding a positive performance relationship was higher for ICA studies than IJV studies. In fact, this swing was above 20 percent for all the variables bar communication. These findings strongly

reinforce observations in the literature concerning the use of equity in structuring ISAs. Firms utilize IJVs to ensure a positive benefit/cost position when faced with a challenging business opportunity, for instance, developing a project with an unpredictable partner. There is reason to expect that partners working at cross-purposes may be less than devastating in IJVs, which are autonomous business entities with their own mission, strategy, operating procedures, and management team representing the sponsor firms' stakes (Yan and Gray, 2001). By contrast, ICAs are not separated hierarchically from their sponsor firms, and can be negotiated rapidly as they do not generally require an extensive pooling of the partners' skills and resources. Corporate managers should realize that the relative structural and operational informality afforded by ICAs renders the link between quality of the interpartner relationship and performance pivotal (Gulati, 1995).

Third, the performance effects of the behavioral attributes are conditioned by the period of study. In this case, the significant discriminating effects are in both directions. Trust and communication have been more successfully linked to performance in the post-1996 set of studies than in pre-1996 fieldwork, and the opposite is true for commitment and conflict reduction. Recent improvements in the conceptualization of trust and communication have resulted in the development of focused and thorough measurement scales for both aspects (Luo's (2002a) and Zeybek *et al.*'s (2003) multifaceted approaches for trust and communication behavior, respectively). That stronger measurement leads to more consistent findings is likewise demonstrated by the case of conflict reduction, though in contrasting fashion. Here, comprehensive assessment of the construct is evident in earlier work (Ding's (1997) comprehensive, multidimensional treatment of the construct). Research interest in the conflict phenomenon has tailed off in recent years. Similarly, commitment is less often the theoretical core of, and conceptualized and operationalized capaciously within, contemporary ISA performance modeling efforts.

At first glance, the disconnect between how trust and commitment are treated in the ISA performance literature and the edicts of Morgan and Hunt's (1994) trust-commitment theory of relationship management is suggestive of the theoretical patchiness of this field of study. Closer inspection, however, reveals that some recent studies (Yan and Child, 2004; Yan and Gray, 2001) have selectively utilized behavioral attributes (more often relationship capital than exchange climate aspects) in models centering on the hard side of alliance management. Such work represents a response to criticism that empirical work does not adequately recognize the inseparability of the outcome (e.g. control and survival) from the process and an attempt to bring together disparate theoretical perspectives. Still, holistic studies that attach a reduced socio-psychological component to a structure-led research model risk providing only coarse-grained insights into behavioral processes that occupy the nexus between ex ante structural-functional aspects and alliance performance (Madhok, 1995).

### **Suggestions for future research**

Although this study makes a contribution to the literature on behavioral attributes' performance relevance in ISAs, additional research work is needed to advance our understanding of this complicated topic. First, empirical attempts combining the behavioral paradigm with other, dissimilar theoretical perspectives (e.g. transaction costs economics) are to be encouraged in future research as they can expedite the

development of richer, more complete explanations of ISA performance. However, efforts to model the hard and soft sides of alliance management should embody the need to remain sufficiently broad and lucid in conceptualizing both sides. Certainly, it is difficult to capture quality of the relationship between alliance actors on the basis of a few questionnaire items. But, on the other hand, it is important that efforts to capture relationship quality in its multifaceted entirety discriminate prudently among the various behavioral attributes by anchoring them to good definitions. The positive impact of paradigmatic pluralism on knowledge generation lies in that it can facilitate simultaneous examination of the associations between diverse independent variables and performance, and of interplay among the former. Such an approach could prove valuable in capturing the confluent effects of structural-functional, relationship capital, and exchange climate aspects within a single alliance performance model (Sarkar *et al.*, 2001).

Second, while our review observed discriminating effects that reveal important insights into circumstances underpinning the efficacy of behavioral attributes in managing ISA relationships, more empirical research is needed before conclusive findings can be reached. To this end, given that extant ISA research has concentrated on IJVs and LDCs as opposed to ICAs and DCs, it would be useful for future research to seek to replicate existing positive findings concerning the performance effects of behavioral attributes in DC ICA samples.

Third, the general level of methodological sophistication of this area of research has increased steadily over the past two decades, but must improve further if studies are to command additional space in mainstream international marketing and management journals. Studies in the field have made a habit of viewing ISA performance as a complex phenomenon pertaining to various facets of alliance operations, such as profitability, market share, knowledge acquisition, and human resource productivity. However, it would be useful if future empirical work embraces theory suggesting important aspects of performance are effectiveness (i.e. the extent to which desired goals are achieved), efficiency (i.e. the ratio of performance outcomes achieved to the resources consumed), and adaptability (i.e. the alliance venture's ability to respond to environmental changes) (Katsikeas *et al.*, 2000; Morgan *et al.*, 2004; Walker and Ruekert, 1987). The tendency by researchers to employ a general performance measure that asks the informant to make an overall assessment of the firm's satisfaction with ISA performance captures effectiveness (Arino, 2003), but may not adequately accommodate efficiency and adaptability aspects.

Other methodological advances within this field of research that could be escalated to good effect include: collecting data via personal interviews to provide added descriptive realism; generating ISA data from a cross-section of industries (controlling for associated extraneous effects) in order to maximize observations; and using second-generation multivariate analysis techniques. Indeed, future research should strive to make the most of the intrinsic advantages of SEM:

- establishing the convergent and discriminant validity of measures of the various behavioral constructs used;
- testing theoretical models wherein constructs (e.g. trust and commitment) are simultaneously independent and dependent;

- capturing concurrently behavioral attributes' direct, indirect, and moderated effects on performance; and
- examining whether the presence of common method bias provides an alternative explanation for the observed structural relationships (Podsakoff *et al.*, 2003).

Contemporary studies regularly attempt to obtain data from multiple informants and/or methods – even if this is just for a small proportion of their cases – which represents a useful procedural means of reducing common method bias concerns in cross-sectional research designs.

Fourth, there are methodological considerations for future research not reflected in existing trends within the studies reviewed. Given the dynamic essence of behavioral processes in ISA management, the dearth of longitudinal research designs (the only survey-based longitudinal studies are Lane *et al.* (2001) and Steensma and Lyles (2000)) can only be viewed as detrimental to the development of this stream of study. It is thus imperative that future studies endeavor to investigate how changes in behavioral variables impact ISA performance over time. Correspondingly, the lack of qualitative research providing in-depth insights into the complex, dynamic, and intangible nature of behavioral attributes (Parkhe, 1993), suggests case-research should be a key part of any agenda for future research. For instance, considerable scope exists for inductive studies to develop a theoretical foundation concerning the relative efficacy of behavioral mechanisms in different ISA contexts (e.g. LDC versus DC and IJV versus ICA). Large-scale quantitative studies have placed little emphasis on theory building (for subsequent testing) by way of a preliminary qualitative research phase. Notwithstanding that survey-based studies have exhibited a growing tendency to generate data through semi-structured personal interviews, the field needs to place greater emphasis on testing inductively developed grounded-theories (Yan and Gray, 2001).

#### Notes

1. That competitive positioning influences the asset value of the firm is an essential element of more contemporary resource-based view treatises on ISAs (Eisenhardt and Schoonhoven, 1996).
2. This simplified model provides the most appropriate approach to synthesize the literature and guide this review.
3. Hence, for review purposes, conflict reduction is conceptualized as the inverse of level of conflict.
4. To assist analysis, we separated the studies into two evenly sized groups based on fieldwork year (1996 was the cut-off). In some articles the time of study was not indicated, and this had to be inferred from the article's year of publication (Leonidou and Theodosiou, 2004).
5. Includes studies restricted to ICAs (Sarkar *et al.*, 2001) and those using a mixed sample but with marked ICA representation (Ramaseshan and Loo, 1998).
6. Newly industrialized country (NIC) firms were included in the DC category for analysis purposes.
7. A meta-analytical study of the available empirical findings was deemed inappropriate because: construct operationalizations, measurement scales, and statistical methods were often diverse; and exact p-values resulting from testing for the effects of factors on ISA performance were in several cases undisclosed.

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