

What is an International Joint Venture? The Odd Case of the International Herald Tribune

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International Joint Ventures (IJVs) have long been of interest to management scholars trying to understand crucial management and marketing issues such as new market entry, as well as knowledge, resource, capability and competence sharing. Although researchers often assume that there is a common understanding of what is and is not an IJV, this paper, by using a well known case, will suggest that this assumption is flawed and needs to be addressed. To do this we have examined the 11 articles from an influential literature review on the state of joint venture performance literature (The most recent influential literature review published by impact factor). The results show that there is little consistency among researchers. From this initial study it is clear that there is a lack of consistency in the literature that leads to questions regarding the generalizability of the theories offered. The methodological aim of the paper is addressed by using the case of 'The International Herald Tribune', an international joint venture formed by The New York Times and The Washington Post. The main conclusion is that the definitions found in the extant literature of an influential nature do not account for a well known case. This paper's purpose is to stimulate a debate on the necessary and sufficient conditions of an IJV and encourage a greater level of clarity in the joint venture area of International Business, Strategy and other fields in order to make IJV research even more relevant to both theory and practice.

Keywords: International Joint Ventures, Management, International Business, International Herald Tribune, Test of Definitions

1. Introduction

International Joint Ventures are an important area of investigation in strategic management (Beamish 1985). The significant problem is that in the extant literature it is not clear that international joint ventures (IJVs) as a unit of analysis are clearly defined as IJVs are not homogenous and therefore require a more careful description of what is being analyzed. Practitioners and informants could find research irrelevant if they do not recognize themselves in the study. The significance of this study is to identify the lack of consistency in the extant literature and illustrate that a well known IJV has not been accounted for. This paper is the result of a literature review to determine the definition of an IJV as reflected in the joint venture literature and then apply the case of the International Herald Tribune (IHT) to test definitions found in the literature. The IHT was an international joint venture owned by The New York Times and The Washington Post created in 1967 and terminated in 2003. This 50/50 joint venture was based in Paris, France with operations in Hong Kong, and other countries around the world.

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Porter

The motivation for this study is provide better credibility of academic work among practitioners who often do not see the relevance of a study due their inability to identify themselves as the unit of analysis. This study will argue that this stems from authors not clearly identifying the unit of analysis in articles.

The sample size of the influential literature is bounded by the 10 articles from the influential study by Beamish and Lupton (2009) that reviewed the state of joint venture performance literature (The most recent literature review published). This allows us to take a systematic approach to choosing the articles. It is widely accepted that they have surveyed the extant literature and provided an influential examination of the literature by choosing the top 10 articles that are influential among IJV researchers. This study is the most recent study to date to do this. The significant purpose of the paper was identified when we began investigating the *International Herald Tribune* and found that there were significant problems with finding an appropriate definition of an IJV that fit this case. A wide literature review of influential papers was done and it was found that no other study had looked at definitional problems in IJVs. This fact makes our findings unique and unlike previous studies. It was then revealed that the definitions in the extant literature do not account for this case. The importance of this cannot be understated as IJV theory is often used to generalize from case to case and is used heavily by practitioners in deciding market entry channels. To date no study of this kind has been done in a systematic way.

The paper will next review the literature reviewed followed by a discussion of the two methodologies used, then a discussion of the implications of the study will be given and lastly the conclusion of the paper.

2. Literature Review

With an intimate knowledge of the joint venture literature we were aware that the origins of the joint venture literature were based in new market entry and foreign direct investment and that most of the influential articles were investigating foreign multi-nationals entering new markets (Beamish 1987). We were also aware of a tendency toward sample sets with foreign and local partners. We chose the 10 articles in the Beamish and Lupton (2009) article as well as the article itself bringing the total to 11 articles reviewed.

To begin let's look at a comparison of the articles that have a formal definition given of an IJV and those that do not. Table 1 illustrates that not all articles attempt a formal definition.

Porter

Table 1

Analysis of 11 Articles from Beamish & Lupton (2009)

<i>Formal Definition Given</i>	<i>No Formal Definition Given</i>
Beamish & Lupton (2009)	Anand & Khanna (2000)
Inkpen & Beamish (1997)	Aitken & Harrison (1999)
Park, S.H. and Ungson, G. (1997)	Barkema, Bell & Pennings (1996)
Mowery, Oxley & Silverman (1996)	Geringer & Hebert (1991)
Yan & Gray (1994)	
Geringer & Hebert (1989)	
Kogut (1988)	

We can see that 4 of the 11 articles did not give formal definitions of the unit of analysis. This is a substantial percentage and indicates that a formal definition is not required in order to be an influential article. But as is shown below even those articles with formal definitions have variability. We first take the 7 articles with a formal definition and analyze them. Then the remaining 4 we attempt to glean the meaning of an IJV from the content of the text.

We begin with the articles that provide formal definitions:

1. The Beamish & Lupton (2009) article states that IJVs are “legally distinct business units owned by 2 or more partner firms”. Parent firms may hold as little as a 5% equity stake in a JV although in many countries local regulators do not even recognize investments of less than 20% as giving investors significant influence. However they do write further that IJVs tend to outperform wholly owned subsidiaries (WOSs) because of the benefits a local partner provides quoting Brouters’ 2002 article. This indicates that they see an IJV as having a local partner. This is important as it assumes there is a non-local partner. Would this definition fit the IHT case? Yes in the formal definition but in the text there is a discussion of a local partner indicating a local and non-local partner are necessary. This discussion distracts from the definition given and could be problematic in accounting for the IHT case.
2. Inkpen & Beamish (1997) write that an IJV is an alliance that combines resources from more than one organization to create a new organizational entity ('the child'), which is distinct from its parents. However, in the text that states that an IJV is a JV with two or more parents of different nationality. One based in the home country of one of the partners, which we call the local partner. The partner operating outside its country of domicile is referred to as the foreign partner. This clearly does not include The IHT. It is also interesting to see that Beamish has not used this definition in his 2009 article with Lupton.
3. Park, S.H. and Ungson, G. (1997) write that “an IJV implies that a firm has to cooperate with a partner with a different cultural background”. Their study hypothesizes about which differences in national culture are most disruptive for

Porter

international joint ventures were developed and tested using Hofstede. They use an Event History approach looking at US-US domestic JVs and US-Japanese JVs. For their purposes they seem to need a national culture discussion but their statement that an IJV “implies that a firm has to cooperate with a partner with a different cultural background” disregards The IHT as an IJV.

4. Mowery, Oxley & Silverman (1996) write that “alliances run the gamut from fairly simple unilateral (i.e. 'technology for cash') contracts, such as licensing, through more complex contractually based arrangements, such as technology sharing and joint development agreements (which often include joint ownership or other organizational mechanisms for oversight and management), to 'pure' equity joint ventures where ownership in a separately incorporated entity is shared by the partner firms”. This is an attempt at a typology of IJVs that is welcome. However in the results section of this article they describe 'domestic' alliance, in which all member firms share a common home country, are likely to produce different patterns of inter-firm technology transfer and learning than that found in 'international' alliances. Although the authors make a distinction between domestic and international it is not clear what 'international' means. Some indication is given however. “They go on to state "The less forbidding barriers of culture (national), language, educational background, and distance associated with domestic alliances should result in higher levels of knowledge transfer”. This statement does not apply to the IHT case as the national culture, language, educational background and distance are the same for the 2 parents of the IHT yet the IHT is international due to its legal status in France.
5. Yan & Gray (1994) use Hamel, Doz & Prahalad's 1989 definition that JVs are a mixed motive game between partners who cooperate and compete simultaneously. However, the text discusses the role of foreign firms and local partners in dominating the venture. This indicates that The IHT would not be accounted for due to its lack of foreign local composition.
6. Geringer & Hebert (1989) states that an IJV is an equity-based, cross-border alliance that is formed by 2 or more legally distinct organizations that are headquartered in different countries. Clearly The IHT case is not accounted for.
7. Kogut (1988) writes that a “JV occurs when 2 or more firms pool a portion of their resources within a common legal organization. It is a selection among alternative modes by which two or more firms can transact. It straddles the border of two firms.” In the text there is no evidence found that would disqualify The IHT as an IJV.

Now we discuss the articles with no formal definitions given:

1. Without a formal definition of an IJV Aitken & Harrison (1999) do write in the text that “Alliances are complex organizational forms that are usefully viewed as incomplete contracts”. They discuss different kinds of joint ventures: research JVs, production JVs and marketing JVs building toward a typology of IJVs however there is no attempt to define what the necessary and sufficient conditions of an IJV are.
2. Barkema, Bell & Pennings (1996) also give no definition but refer to "local partners" and MNEs in the text. This would indicate that they see IJVs as a foreign and local combination that does not apply to The IHT.
3. Anand & Khanna (2000) discuss JVs in terms of foreign and domestic partners. Although this is in line with the article's subject "Do domestic firms benefit from

Porter

direct foreign investment?" it should discuss their work in terms of the larger JV literature that should include The IHT.

4. Geringer & Hebert (1991) also does not give a definition and no indication in the text of their meaning of an IJV. So we could argue that they would include The IHT in their vision of an IJV.

When a definition is offered it is often stated what a joint venture does, the form, the focus, the operating autonomy or the duration or some combination of these. In other words elements of the unit of analysis (IJVs) are given without offering a definition. And while some definitions partially account for the case only one fully accounts for the case.

3. Methodology

This study uses qualitative methodology in the test of definitions and in the case study of the IHT. In discussing the methodology of the test of definitions, we have used Brennan's (2003) logic and Yin's (2011) data coding. We started by analyzing the literature in a "test of definitions". Using Brennan's logic as a "necessary" condition that is one without which something cannot be what it is. For example, if something is not a plant, it cannot be a flower. So being a plant is a necessary condition for being a flower. A "sufficient" condition specifies one way of being that something. For example, a daisy is one type of flower; however, not being a daisy does not mean that something is not a flower, it could be a rose. So being a "daisy" could be a sufficient condition for being a flower (Brennan, 2003). Therefore all definitions must have necessary and sufficient conditions that are specified. We used this logic to inform the coding for the data collected. The data were then coded into NVIVO and sorted, if a specific definition. If there were elements of a definition then that was coded according to the element and entered into NVIVO. We did this with more than 86 articles and found that there was not sufficient variation in the articles outside of the 10 articles from the Beamish & Lupton (2009) list. Therefore we decided to only use the 10 articles for simplicity. So therefore reviewing more recent literature would not be helpful as more recent extant literature did not yield any new information as well as the fact that it is not yet influential to a wide number of management researchers due to its young age.

Turning now to the methodology of the case, the choice of the test case, *The International Herald Tribune*, was chosen as it is an unusual but not unique case. The IHT had two U.S. parents, *The New York Times* and *The Washington Post*, based in their respective U.S. cities, however the IJV is a legal entity in France. However, there was not a "local partner" as was often seen in the literature. Therefore this case is valuable in testing the definitions of an IJV.

The 11 influential articles used in this research are representative of the international joint venture performance literature (Lupton & Beamish 2009). The terms "international" and "equity" are used as a boundary to exclude alliances and non-equity joint ventures. In the literature it is generally seen that the unit of analysis is an international equity joint venture through sample sets and cases used but not always explicitly stated. In order to better compare, we have chosen to focus on the formal definitions given, if any, and any supporting evidence in the text. In this study "formal definitions given" is meant to indicate a clear definition that is defined usually in the introduction of the article. Some articles as will be seen use other authors definitions but are still considered as "formal definitions given".

Porter

If the article is referring to an International Equity Joint Venture or another form of partnership or joint venture, such as a non-equity joint venture through the cases or discussion given. However, the term IJV itself is inconsistently used within the literature. Rather than attempt to address these semantic and theoretical differences we have accepted all usages of the IJV term as valid in the contexts of the definitions in which they are used.

In order to scope the literature, we reviewed 86 articles that were originally cited in the Beamish & Lupton (2009) article. After finding little difference in definitional quality we decided to use Beamish & Lupton's (2009) influential list as it corresponded well to the analysis on the other 86 articles and provided a clearer boundary for our study. Firstly we used the data set originating from Beamish & Lupton's 2009 article (including the article itself). Beamish & Lupton examined the state of research on joint venture performance and used the 10 most cited of the 86 articles they reviewed for their paper. These 11 articles were coded for formal definitions of an IJV. The criterion analysis involved identifying if an article had a formal definition of an IJV or not. In order to identify the key characteristics of an IJV, the 7 formal definitions found in the literature were then content analyzed. This is an analysis undertaken to identify the discrepancies, if any, in the formal definitions (only for those that had formal definitions) and the usage of characteristics and terms within the article. This was to determine consistency in definitions. In the case of no formal definition being provided, we scanned the article for characteristics of an IJV that could be construed as the 'informal definition' intended by the author(s). In the case of no formal definition being used there was, logically, no literary variance analyzed between the formal definition (as there was none) and the usage in the text. After the analysis was done the case of the *International Herald Tribune* (IHT) was then applied to see if this unusual IJV corresponded to the definitions found in the 11 articles.

The IHT was chosen as the case under study as it can be seen in its entirety. That is from the creation in 1996 of the legal status of a 50/50 equity joint venture between the New York Times and the Washington Post until its termination in 2003. This allows for a complete life cycle to be seen in the case. The uniqueness of the case here is also valuable as it allows the testing of definitions because of its unusual JV structure of two parents from the same country (the USA) participating in a JV in a foreign country (France). It is important to note that in this type of study finding an outlier case is necessary to test the limits of the definitions provided in the joint venture literature. No previous studies have been done to address this problem. We see this first study as an improvement on the current situation.

4. Discussion

This research has examined a set of IJV definitions found in the literature. The main purpose of looking at IJV definitions was to identify the characteristics that are seen as necessary and/or sufficient for the existence of an IJV and testing them on the IHT.

Before discussing the definitions of an IJV in the joint venture literature let us look at a legal definition of an IJV that falls outside the JV literature in order to better view the situation from the informant's point of view. The definition of an IJV in European law is usually defined under company law. Legal practitioners understand that there is no single definition of a 'joint venture', however there are certain characteristics, understandings and arrangements that apply to all joint ventures. These are the joining together of two or

Porter

more business partners from separate jurisdictions to exchange resources, share risks and divide rewards from a joint enterprise (Stewart & Maughn 2011). The management literature on joint ventures rarely cites the legal literature. In this study there were no cases of legal references in any of the 11 articles analyzed, although the managers of the IJVs usually use the legal definition as their guiding definition in practice.

In practice, IJV managers often use the definition of their business according to the legal definition given at the time of the start-up yet there is little use of the legal definitions in the joint venture literature. With a wide range of IJV set-up possibilities in the hundreds of legal jurisdictions that the research is trying to cover, it is often difficult for readers of the joint venture literature to know the exact unit of analysis that is being investigated.

Clear understanding and comparability of research is important due to the diversity of approaches used when investigating IJVs. This heterogeneity is reflected in the variety of characteristics extracted from the set of definitions analyzed. It suggests that the majority of researchers in this field do not explicitly define what they are referring to when they use the term IJV; this in turn means that readers could have difficulty knowing precisely what these researchers are investigating, therefore making generalizations of sample sets across IJVs more difficult. In an area as diverse and complicated as IJVs a clear understanding and comparability of research is important and should be considered.

Although researchers may assume that there is a common understanding of what is and is not an IJV, this paper, by using the case of the IHT, will suggest that this assumption is flawed. If joint venture research is to become more relevant to theory and practice a clearer view on this matter should be considered.

International Joint Ventures are not only a very frequently used form of market entry they also require a more complex management. This would suggest that a more rigorous approach to defining IJVs would be welcome. As in the legal literature, the acceptance of this complexity and the attempt to clarify the unit of analysis would be helpful especially in cross-case comparisons and generalizing to different sample sets as well generalizing to theory.

The results show that there is little consistency among researchers. When a definition is offered it is often stated what a joint venture does, the form, the focus, the operating autonomy or the duration or some combination of these. In other words elements of the unit of analysis (IJV) are given without offering a definition. And while some definitions partially account for the case only one fully accounts for the case. This is problematic for readers and future researchers as the unit of analysis (IJV) is not clear and can lead to problems of generalizability of the theory offered. The answer to the problem of whether or not the extant literature has accounted for the IHT would be no. We suggest that further efforts to clarify the unit of analysis in IJV research would be useful in order to account for a wider range of IJVs or to bound the research allowing for a clearer unit of analysis to be seen.

5. Conclusions

In conclusion, the results contradict the supposition that researchers try to account for developments that actually take place in the business world. This descriptive methodological approach seems to be undermined by the incoherence of definitions in

Porter

influential studies. The recognition of the lack of the discussion of the unit of analysis of an IJV and the resulting difficulty of cross comparing studies is a significant finding of this study. The finding that no legal definitions are considered or that the legal literature is not consulted is also a point of interest in the management literature on IJVs.

From the discussion above we see that The *International Herald Tribune* is not properly accounted for in most articles. As it was a 50/50 equity joint venture based in Paris, France with operations in Hong Kong, and other countries around the world with parent companies from the same country, most definitions given in the literature and/or the supporting text seem to neglect this type of legal arrangement. The IHT is not considered a “black swan” as there are many of these forms of IJVs operating around the world and this will probably increase as globalization continues.

To conclude there are three major points that arise from this study. Firstly, the lack of a coherent definition with necessary and sufficient conditions for an IJV, despite the large amount of interest in the subject suggests that this point has been overlooked. Secondly we also suggest a closer relationship with practitioners and the legal literature would help close the gap and reduce the divergence between theory and practice. And thirdly, as not all IJVs are considered as is shown by the *International Herald Tribune* case, the creation of a formal typology of IJVs could be produced. Improvement in these three areas could make IJV research in management more rigorous and cohesive and appreciated by practitioners.

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Porter

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