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Determinants of International Joint Ventures Termination Mode Choice and Parent Firms' Value Creation

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Tiivistelmä

Kansainvälisen yhteisyritykseen (IJV) liittyviä teemoja on viime vuosikymmeninä tutkittu runsaasti. Tästä huolimatta, on vain vähän ymmärrystä miksi monikansalliset yritykset valitsevat tietyn lakkauttamismuodon ja mitkä ovat tämän valinnan seuraukset. Väitöskirjan tavoitteena onkin tutkia IJV:n lakkauttamismuodon valintaan vaikuttavia tekijöitä sekä sen vaikutuksia emoyrityksen arvonluontiin.

IJV:n lakkauttamismuotoja ovat mm. yritysosto, likvidointi ja myynti. Tämä väitöskirja on yksi ensimmäisistä tutkimuksista, joka tarjoaa kokonaisvaltaisen kuvan lakkauttamismuotoihin vaikuttavista tekijöistä. Tutkimuksen käsitteellinen malli hyödyntää transaktiokustannusteoriaa, reaalioption näkemystä ja resurssipohjaista näkemystä IJV:n muodostamisen motiiveista ja tekijöistä neljällä tasolla: yhteisyrityksen, emoyrityksen, partnerien välisen ja isäntämaan. Lisäksi väitöskirjassa tutkitaan tiettyjen lakkauttamismuotojen vaikutusta emoyrityksen arvonluontiin sekä isäntämaa-tason tekijöiden moderoivaa vaikutusta tähän suhteeseen.

Tutkimustulokset pohjautuvat 105, vuosina 2000−2020 lakkautettuihin kansainvälisiin yhteisyrityksiin, joiden pääkonttori on Pohjoismaissa (Tanskassa, Suomessa, Norjassa ja Ruotsissa). Tilastollisina analyysimenetelminä käytettiin regressioanalyysiä.

Tutkimustulokset antavat vain osittaista tukea IJV:n perustamismotiivien, kuten markkina-, tehokkuus- ja strategisen omaisuus- hakuisuuden, vaikutuksesta yritysoston valintaan IJV:n lakkauttamismuotona. Emoyritystason vaikuttavista tekijöistä havaittiin kulttuurisen etäisyyden ja enemmistöomistajan aseman lisäävät mahdollisuuksia yritysoston valintaan IJV:n lakkauttamismuodoksi. Sen sijaan tasaomistus IJV:ssä lisäsi todennäköisyyttä valita lakkauttamismuodoksi IJV:n myynnin. Yritysoston valintaa lakkauttamismuodoksi preferoitiin yhteisyritysten ollessa hyvin menestyneitä sekä iältään vanhempia. Sen sijaan partnereiden väliset ristiriidat, isäntämaahan liittyvä poliittinen riski ja heikko immateriaalioikeuksien suoja lisäsivät likvidoinnin valintaa lakkauttamismuodoksi. Lisäksi vain isäntämaan poliittisella riskillä ja immateriaalioikeuksien suojalla todettiin olevan tilastollisesti merkitsevä moderoiva vaikutus IJV:n lakkauttamismuotojen ja emoyrityksen arvonluonnin väliseen suhteeseen. Väitöskirjan tutkimustulokset tuovat teoreettista ja empiirisistä kontribuutiota sekä johdattavat mielenkiintoisiin jatkotutkimusehdotuksiin.

Asiasanat: Kansainvälinen yhteisyritys, arvonluonti, lakkauttaminen, likvidointi, myynti, yritysosto

Abstract

The trends in international joint venture (IJV) establishment have attracted considerable research attention in recent decades. However, IJVs are not always a panacea for multinational enterprises' (MNEs') competitive woes, as evidenced by the high termination rate of IJVs. Although the existing literature has focused on the termination of IJVs, there is only limited research on why MNEs choose a particular termination mode (TM) and the consequences of that choice. Therefore, this dissertation aims to study the determinants of the choice of TM for IJVs and to test the influence of particular TMs on parent-firm value creation (VC).

An IJV may be discontinued by one of several forms of TM. This dissertation is one of the first studies to provide a holistic view of the determinants of the choice of TM for an IJV, such as acquisition, liquidation, and sell-off. The study's conceptual model draws on transaction cost theory, the real-option view, and the resource-based view to address IJV formation motives and factors at four levels: the IJV, the parent firm, inter-partner, and the host country (HSC). Further, the current research examines the impact of certain TMs on parent-firm VC and analyzes the moderating role of HSC-level factors on that impact.

This study tests the hypotheses using multinomial logistic regression and linear regression on its sample of 105 IJVs headquartered in Nordic countries (i.e., Denmark, Finland, Norway, and Sweden) that were terminated between 2000 and 2020. The results reveal only partial support for the impact of market-, efficiency- and strategic asset-seeking IJV formation motives on the acquisition TM choice. Among the parent-firm-level determinants, the perceived low cultural distance and majority ownership position were found to intensify the chance that Nordic MNEs would choose to acquire their IJVs, while an equal ownership position in an IJV heightens the chance of adopting the sell-off TM choice. Among IJV-level factors, high performance and mature age were associated with the preference for the acquisition TM choice. Additionally, inter-partner conflicts are positively related to the liquidation TM choice, while HSC political risk and weak IPR protection enhance the chance of the liquidation TM being chosen. Further, of the hypotheses explaining the impact of IJV TM choices on parent-firm VC, only the moderating effect of HSC political risk and intellectual property rights protection was statistically significant. This dissertation's findings offer theoretical and empirical contributions and propose exciting future research directions.

Keywords: International Joint Ventures, Value Creation, Termination, Liquidation, Sell-off, Acquisition

DEDICATION

This work is dedicated to my Family.

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Abbreviations

AR	Abnormal Return
CAR	Cumulative Abnormal Return
CD	Cultural Distance
EFW	Economic Freedom of the World annual reports
FD	Foreign Divestment
FDI	Foreign Direct Investment
HCD	Hofstede's Cultural Dimensions
HMC	Home Country
HSC	Host Country
IB	International Business
IJV	International Joint Venture
IPR	Intellectual Property Rights
ISA	International Strategic Alliance
JV	Joint Venture
KSI	Kogut and Singh Index
MLR	Multinominal Logistic Regression
MNE	Multinational Enterprise
R&D	Research and Development
RBV	Resource-Based View
ROV	Real Option View
SIC	Standard Industrial Codes
SMOPECs	Small and Open Economies
TCT	Transaction Cost Theory
TM	Termination Mode
UNCTAD	United Nations Conference on Trade and Development

VC	Value Creation
VIF	Variance Inflation Factor
WOS	Wholly-Owned Subsidiaries

1 INTRODUCTION

This chapter provides an overview of the dissertation. First, the background of the study is discussed, stressing the significance of the research phenomena. Then the chapter specifies the research gaps and accentuates the novelty and importance of the research. The chapter also addresses the research question and includes a discussion of the research objectives. Further, the scope of the research and study delimitations are discussed to delimit the study context and establish the applicability of the findings. Then, the chapter identifies the positioning of the study in relation to the current body of knowledge and the expected contributions of the dissertation. The chapter ends by providing definitions of the key concepts and an explanation of the structure of the dissertation.

1.1   Background of the study

In recent decades, the competitive environment has expanded owing to the proliferation of regional trading, technological advances, and the macro-trends of globalization. The outcome has been an increasing drive for firms to internationalize (Beugelsdijk et al., 2018; Seifert Jr & Machado-da-Silva, 2007). The choice of entry mode is an important decision in the process of internationalization and has received significant attention from many scholars (Herrmann & Datta, 2006; Mariotti et al., 2021; Morschett et al., 2010). Entry modes are frequently classified into three categories: export, contractual agreement, and foreign direct investment (FDI) (Pan & Tse, 2000).

The 2022 United Nations Conference on Trade and Development (UNCTAD) report shows that FDI has increased steadily over the past four decades, but there have been some troughs. The total value of FDI in 2020 was USD 39,246.2 billion, and Figure 1 illustrates the increase in Global FDI tendencies from 1980 to 2020. Although the evolution of both flow and stock lines is reciprocal, the decrease in FDI outward flow during that period is undistinguished. However, two discernible and growing changes in FDI flow are worthy of attention. First, the increase in 1998–2000 was driven by global economic and political changes. Such changes include the 1998 Russian financial crisis, the 1998–2000 Eritrean-Ethiopian War, and the growth of the European Union in the international arena. Hence, to secure positions in both international and national markets, multinational enterprises (MNEs) internationalized their operations. The second important rise was reported between 2005 and 2007, followed by a decline associated with the 2007–2008 global financial crisis.

Foreign direct investment outward stock has also increased over the past four decades. However, after the gradual growth of 1980–2000, two periods were characterized by a significant rise followed by a decline. First, the period between 2005 and 2007 is conditioned by the aforementioned financial crisis. The total value of FDI outward stock has dropped by USD 3,224.83 million but had almost completed its recovery one year later. The second significant increase and consequent decline was reported in 2016–2017 when the total value dropped by USD 1,632.74 million. Hence, the decrease is associated with the 2017–2018 North Korea crisis. However, similarly to the aforementioned decline, FDI outward stock had recovered to the previous level by the end of the following year.
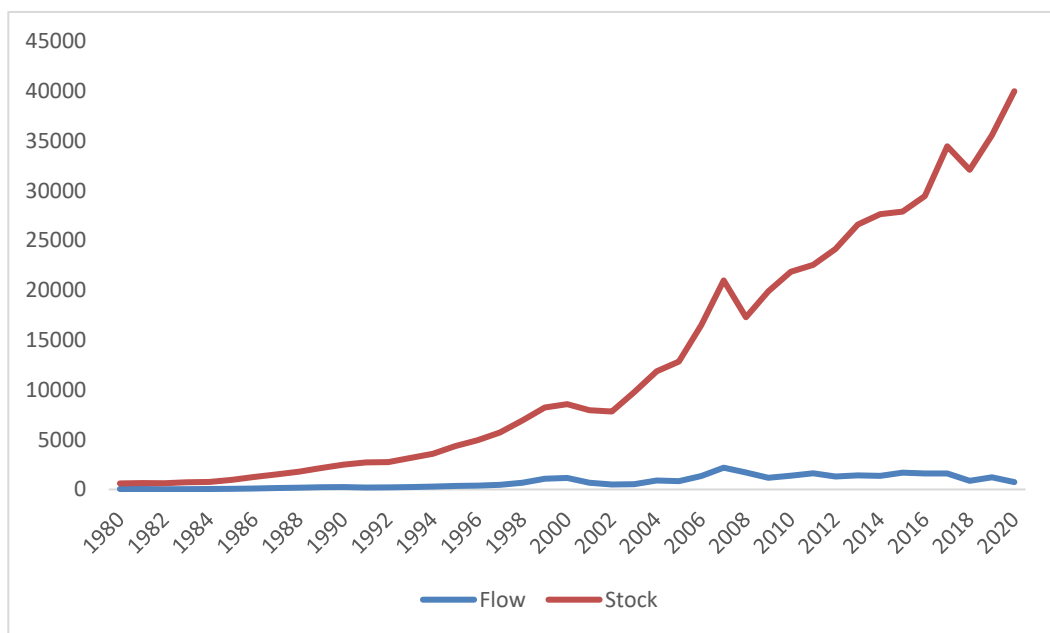
Figure 1.   Foreign direct investment: outward flows and stock 1980–2020 in
          USD billions (Adopted from UNCTADStat, 2022).

Past international business (IB) studies have primarily classified two types of FDIs: wholly-owned subsidiaries (WOSs) and IJVs. The former are units almost solely owned by MNEs with an equity level of more than 90% (Ogasavara & Hoshino, 2008). In contrast, an IJV is a unit with two or more partners, each owning between 10 and 90% (Bowe et al., 2014; Hennart, 1988). The popularity of IJVs has been described in prior studies (e.g., Ali & Khalid, 2017; Bener & Glaister, 2010; Mesquita, 2016; Nemeth & Nippa, 2013). Over the past four decades, an increasing number of MNEs have formed IJVs, spurring the trend of IJV establishment discussed by both managers and academics (Reuer & Tong, 2005; Mesquita, 2016; Meschi, Norheim-Hansen, & Riccio, 2017; Parameswar & Dhir, 2019).

Although IJVs are perceived as a popular organizational form, they are not a panacea to redress MNEs' competitive constraints, including resource limitations, rising investment risks and costs, and external uncertainty in target markets (Kauser & Shaw, 2004; Luo, 2007b). This statement goes along with the findings of high termination rates of IJVs (Mata & Portugal, 2000; Meschi et al., 2017; Nippa & Beechler, 2013). Past IJV studies reported termination rates of up to 85% (e.g., Auster, 1987; Mata & Portugal, 2015; Meschi et al., 2017; Polidoro et al., 2011) and stressed the impact of termination on MNEs' VC (Reuer, 2001; Ushijima & Iriyama, 2015).

The current body of knowledge distinguishes three forms of TM for an IJV: (1) buying out the stakes of the partner and thus converting the IJVs to a WOS (i.e., the *acquisition TM*); (2) closing down the IJV (i.e., the *liquidation TM*), and (3) selling the stakes to partners or third parties (i.e., the *sell-off TM*) (e.g., Nemeth & Nippa, 2013; Park & Ungson, 1997). The choice of TM for an IJV is a significant strategic decision for an MNE owing to the clear conceptual differences between the TM options and the consequent impact on the parent firm (Hennart et al., 1998). In particular, the decision has a wide range of implications for foreign firms and the HSC of the IJV. Those effects include an impact on profitability, business reputation, HSC competition level, and employment ratio (Bichescu & Raturi, 2015; Chang & Singh, 1999).

1.2 Research gaps

The investigation of the termination of a joint venture (JV) originated in 1984 when Duhaime and Grant (1984) identified the divestment of a JV as a separate phenomenon rather than an element of instability. Although researchers have studied the role of termination in the IJV life cycle for the past 40 years (Makino, Chan, Isobe, & Beamish, 2007; Tsang & Yip, 2007; Pattnaik & Lee, 2014; Brown & Panibratov, 2016; Panibratov & Brown, 2018), gaps remain in our understanding of the determinants of the TM choice for an IJV and the consequent impact on parent-firm VC. First, there is an accumulated body of wide-ranging knowledge on the determinants of termination modes for an IJV (Hyder & Eriksson, 2005; Pangarkar, 2009; Si et al., 2019; Xu & Lu, 2007). Past IB studies reported factors enhancing or reducing the probability of an IJV being subject to termination (Kogut, 1989; Lu & Hébert, 2005) and often compared termination with survival (Konara et al., 2020; Ogasavara & Hoshino, 2008). However, the factors affecting the specific TM choice were investigated relatively scarcely.

Second, prior IB research isolated and investigated the VC potential of foreign divestment (FD). This value should not be overlooked since it often determines the future operation options available to firms in HSCs and also their re-entry options (Arte & Larimo, 2019; Dai et al., 2017). For example, the influence of subsidiaries' sell-off was reported to create stock market reactions that were both negative (Comment & Jarrell, 1995; Owen et al., 2010) and positive (Clayton & Reisel, 2013; Kiymaz, 2006). Furthermore, liquidations of foreign units were also found to negatively impact parent-firm value (Bates, 2005; Tsetsekos & Gombola, 1992), although that impact might also be positive (Skantz & Marchesini, 1987). These investigations constitute a particular interest in the impact of divestment on MNE VC. However, in IJV termination research, the impact of a particular TM on parent-firm VC has rarely been studied (e.g., Kumar, 2005; Reuer, 2000). Although some past articles emphasize that the choice of TM for an IJV is a significant factor in the relevant MNE's performance (Chung & Beamish, 2012), most existing research has focused on the future actions within the company rather than evaluating the impact of the choice of TM for an IJV on parent-firm VC. Additionally, particular forms of TM for JVs were reported to impact MNE restructuring (Ushijima & Iriyama, 2015) and further its operations in the target markets (Ito, 2009). It is also important to note that recent studies have called for enhancing our understanding of how a particular IJV TM impacts the parent-firm VC (Nippa & Reuer, 2019). Although several attempts have been made to unpack the significance of this potential, the past articles mainly focused on domestic JVs (e.g., Ushijima & Iriyama, 2015) or only one TM (e.g., Meschi, 2005). Therefore, the fundamental question of the extent to which the particular TM applied to an IJV increases or decreases its parent firm's value remains unanswered and merits further investigation.

Thirdly, there is a paucity of research on Small and Open Economies (SMOPECs) in the IJV termination literature. Prior IJV termination research has actively focused on the large developed home countries (HMC), including Japan (Belderbos & Zou, 2009; Chung et al., 2010; Dai et al., 2013; Dhanaraj & Beamish, 2009; Sartor & Beamish, 2020), the USA (Kim & Kim, 2018; Konara et al., 2020; Reuer & Tong, 2005; Steensma et al., 2008) and less often on developing countries, such as China (Duanmu & Lawton, 2021; Lu & Xu, 2006; Si et al., 2019). These countries are characterized by their companies being larger than average, usually because they have grown within the large domestic market before entering any foreign ones. However, with a few exceptions (e.g., Benito, 1997; Wang & Larimo, 2017), the termination of IJVs in SMOPECs has been under-researched. Owing to the small size of home markets, MNEs from SMOPEC regions internationalized at the early stages of their development (Gabrielsson et al., 2016). It has been argued that, compared to the MNEs from developed countries,

firms from a SMOPEC often lack bounteous resources at the early stages of development (Narula, 2012). Therefore, firms from this region quite frequently rely on an IJV to foster internationalization (Benito et al., 2002), which makes SMOPEC-origin MNEs a particularly interesting population for this study.

Accordingly, this dissertation addresses the influence of the formation motives of IJVs and multi-level factors on the range of choices of TM for IJVs (i.e., sell-off, liquidation, and acquisition) and the subsequent effect on MNE VC (positive and negative). Other IJV termination forms, including equity carve-out, leveraged buy-out, partial sell-off, and spin-off, lie beyond the scope of this dissertation since they constitute partial termination. Further, this dissertation groups the determinants into factors on four levels (i.e., IJV, parent firm, inter-partner, and HSC) and IJV formation motives. However, past studies have also reported factors associated with HMC and IJVs' operational sphere (e.g., Dussauge et al., 2000; Nyuur & Debrah, 2014a; Rittippant & Rasheed, 2016; Soule et al., 2014). Due to the possible overlap between determinants of HMC and host country (HSC) as well as of industry and parent firm, this dissertation does not focus on HMC and industry-level factors.

1.3 Research questions and objectives of the study

The preceding debate on research gaps surrounding IJV termination steers the direction of the current study. The general objective of the dissertation is to investigate factors explaining the choice of IJVs' TM and the subsequent effect of the TM choice on MNE VC. Accordingly, the main research question of the study is:

What are the determinants and Nordic parent firms' value creation potential of international joint ventures' termination mode choice?

The main research question is approached via the following two sub-questions:

(1) What is the impact of IJV formation motives and multi-level factors (i.e., firm, IJV, inter-partner, and host-country factors) on the choice of TM for IJVs of Nordic MNEs?

(2) What is the impact of the choice of TM for IJVs on Nordic MNE VC, and how do host country factors moderate that impact?

1.4 Scope and positioning of the study

This dissertation is framed by the real-option view (ROV), the resource-based view (RBV), and transaction cost theory (TCT) and contributes primarily to IJV termination research focusing on the sell-off, liquidation, and the acquisition TMs and the subsequent impact on MNE VC.

The investigation of FD started with Boddewyn's (1983) pioneering work. Boddewyn determined FD (i.e., foreign investment termination) as the inverse of the eclectic paradigm initially proposed by Dunning (1977). Although FD was relatively quickly defined as a separate phenomenon, the concept of IJV termination was neglected for some time. Instead, the termination of IJVs was addressed as either an element of instability or as survival (i.e., the inability to survive as a sign of an IJV's failure) (Inkpen & Beamish, 1997; Lu & Xu, 2006). This attitude is surprising as the conceptualization of JVs as a separate phenomenon rather than the element of instability, and further development with an international sample was performed in the late 1990s (Duhaime & Grant, 1984; Gomes-Casseres, 1987).

The influence of the TM choice for IJVs on parent-firm VC was studied even less. Although the first articles focused on how the stock market reacts to FD were published in the 1980s (e.g., Alexander et al., 1984; Hearth & Zaima, 1984; Rosenfeld, 1984), the impact of IJVs' termination, and particularly of the chosen TM, has mainly been overlooked in prior research. It should also be mentioned that some studies deliberately excluded JVs (e.g., Prezas & Simonyan, 2015) or focused on local termination (e.g., Ushijima & Iriyama, 2015). As far as the author is aware, only four articles investigate the influence of sell-offs, liquidations, and acquisitions of IJVs on MNE VC; among those, two focus on one TM (Meschi, 2005; Reuer, 2001), one contrasted IJVs' divestment and acquisition (Kumar, 2005) and only Reuer (2000) investigated the effect of all three TMs on the VC of parent-firm from developed countries.

Figure 2 illustrates the research positioning of the study. The RBV has been used in FDI studies (Barkema & Vermeulen, 1997; Hennart & Park, 1993; Slangen, 2013; Slangen & Hennart, 2008). However, the application of theory in IJV termination research has to date, been very limited. The theory posits that the decision to establish an IJV is driven by the opportunity to access partner resources and knowledge relating to a local market (Ito, 2009). Nevertheless, an MNE's strategy may change in the course of an IJVs' operations, and thus, the necessity to maintain the IJV evaporates (Cui et al., 2011). Empirical studies on the determinants of TM choice for IJVs employing RBV theory include articles by Cui

et al. (2011), Dussauge et al. (2000), and Dussauge and Garrette (1997). Meschi (2005) also used the RBV lens to examine how much the TM choice for an IJV (i.e., sell-off) affects stock market reactions.
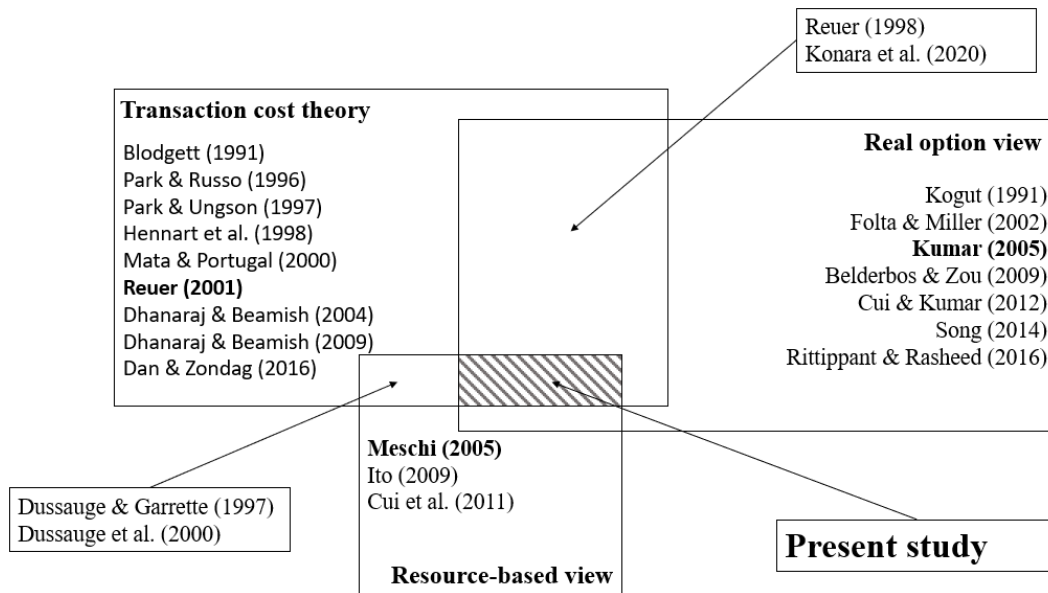
Figure 2. Theoretical positioning of the study.

Transaction cost theory has been employed to explain the determinants of the TM choice affecting IJVs, but the number of studies is still relatively small. The theory posits that the formation of IJVs is directly related to the cost of production and transaction in the target markets. The potential for low cost increases the attractiveness of markets (Mata & Portugal, 2000) and vice versa (Nyuur & Debrah, 2014). Existing studies have also used TCT to explain the particular choice of TM and stress that the choice is directly influenced by the increased/decreased cost of transactions (including monitoring and control costs) (Konara et al., 2020; Park & Ungson, 1997). Empirical articles that used TCT to investigate the determinants of TM for IJVs include Dhanaraj and Beamish (2004, 2009), Konara et al. (2020), Mata and Portugal (2000), Park and Russo (1996), and Park and Ungson (1997). However, only Reuer (2001) has applied TCT to investigate the influence of IJV acquisitions on parent-firm value.

Past IB studies have used ROV to explain the influence of changes in microeconomics and macroeconomics on the decision of managers to terminate IJVs (Rittippant & Rasheed, 2016; Song, 2014a). According to the theory, MNEs run foreign units to *keep options open* (Damaraju et al., 2015; Li et al., 2007). However, once the market signals improving or declining opportunities, the option to terminate IJVs should be actioned (e.g., Iriyama & Madhavan, 2014). Although

ROV was quite often applied in prior research, the majority of the articles investigated the conversion of IJVs to WOSs (Folta & Miller, 2002; Kogut, 1991), and fewer studies focused on the sell-off or the liquidation TMs (Cui & Kumar, 2012). Additionally, based on the ROV, Kumar (2005) illustrated the role of HSC environmental signals on the influence of IJVs' divestment/acquisition on MNEs' VC.

It is also worth mentioning that some studies use more than one theory to measure the influence of the determinants on IJV TM choice. Reuer (2000) accentuated that *"... no single theoretical perspective is likely to explain the diverse valuation implications of IJV dynamics for parent-firm."* This notion aligns with the work of Nemeth and Nippa (2013), who urged future studies to employ two or more theoretical rationales to obtain clearer insights into the IJV exit research. Theory combination was associated with several benefits providing an exciting opportunity for the investigation of TM choice for an IJV. Although the combination of theories has been previously used in this investigation, only a few studies have analyzed the topic through the prism of three or more theoretical approaches (e.g., Chang & Singh, 1999; Villalonga & Mcgahan, 2005).

In the context of this dissertation, employing TCT, the ROV, and the RBV reflects the benefits they bring. For example, since the key concept of TCT is the change of the costs associated with running and maintaining international units, the existing research managed to measure the impact of endogenous determinants (i.e., IJV and parent-firm-level factors) of TM choice for IJV (Konara et al., 2020; Park & Russo, 1996; Steensma & Lyles, 2000). However, past studies could not holistically analyze exogenous aspects (i.e., HSC-level factors) and parent firm VC via a TCT lens. Furthermore, the ROV is associated with a high explanatory power of how exogenous determinants influence the TM choice for IJVs as the core construct of the theory states that MNEs' actions in an HSC are determined by market signals (Kogut, 1991; Reuer & Tong, 2005; Talay & Akdeniz, 2009). Consequently, this logic would not be applicable to exogenous determinants and can only partially explain how the TM of an IJV influences parent-firm VC. Moreover, several studies emphasized the explanatory power of the RBV in the context of an investigation of endogenous determinants of TM choice for an IJV (Cui et al., 2011; Dussauge et al., 2000). That power relies on the theory holding that an MNE's choice of a particular action is driven by the parent firm's resource availability. Additionally, since prior research on how TMs for IJVs influence MNE VC is rather limited, the RBV can only partially explain the influence (e.g., Meschi, 2005). However, it should be mentioned that the theory was more often used in the FD research field, and several studies applying the RBV report that FD affects parent-firm VC (Berger & Ofek, 1995; Wright & Ferris, 1997).

It should also be mentioned that this dissertation employs the combined arguments from TCT, the ROV, and the RBV to explain the influence of the IJV-level factor and IJV formation motives on TM choices for IJVs. First, a theoretical discussion of IJV-level factors (i.e., IJV age and IJV performance) with an influence is elicited from the combined argumentation of the theories mentioned above. Existing research establishes the predictive ability of TCT, the ROV, and the RBV (Villalonga & Mcgahan, 2005). In combination, the theories could offer an effective tool to explain how IJV-level factors influence the TM choice for IJVs. This notion is in line with the existing literature measuring IJV-level factors via TCT (Dussauge et al., 2000; Mata & Portugal, 2000, 2015), ROV (Belderbos & Zou, 2009; Mata & Freitas, 2012; Rittippant & Rasheed, 2016), and the RBV (Cui & Kumar, 2012; Dussauge et al., 2000; Mata & Portugal, 2015). Secondly, although existing studies discuss the role of IJVs' formation motives in IJV termination (Makino et al., 2007) and also stress their impact on post-IJV termination interaction (Parameswar et al., 2018), there are no articles linking the IJV formation motive with a particular TM. Therefore, the core arguments from TCT, ROV, and the RBV were adapted to provide solid theoretical reasoning explaining the impact of IJV formation motives on the choice of TM for IJVs.

1.5 Contributions and delimitation of the dissertation

The present study contributes to the existing literature in the following ways. First, this dissertation is one of the first to investigate the determinants of the choice of TM for IJVs using a comprehensive sample of three TMs (i.e., acquisition, liquidation, and sell-off) and their subsequent influence on MNE VC. As shown in Figure 3, prior articles have studied IJVs' termination, but almost all analyze the impact of the determinants of survival versus termination (Chang & Singh, 1999; Mata & Portugal, 2000; Ogasavara & Hoshino, 2008). It should also be mentioned that the existing research has focused on one TM (Blodgett, 1991; Folta & Miller, 2002; Kogut, 1989b; Puck et al., 2009), those studies did not differentiate between sell-off and liquidation (in that they investigated divestment in general) (Dan & Zondag, 2016; Dhir & Sushil, 2017; Lampel & Shamsie, 2000; Olk & Young, 1997), and they compared the divestment and acquisition of IJVs (Konara et al., 2020; Park & Russo, 1996; Rittippant & Rasheed, 2016). Additionally, as already stated, no study has investigated the determinants of IJV acquisitions, liquidations, and sell-off and how those modes influence MNE VC within the same research design. Since there are tangible differences between TMs in both conceptualization and implications (Hennart et al., 1998), it is important to study the holistic sample of terminated IJVs. Therefore, the first contribution of the dissertation would be to

study the determinants of the choice of TM for IJVs with an extensive sample of terminated IJVs.

Second, this work increases our understanding of the TM options for IJVs by analyzing the determinants via the prism of three theoretical rationales: the RBV (Barney, 1991), ROV (Fischer, 1930; Kogut, 1983, 1984), and TCT (Coase, 1937; Williamson 1975, 1985). The aforementioned theories have been validated empirically as the main theoretical constructs in investigating the determinants of the TM options for IJVs (Hennart & Zeng, 2002; Mata & Portugal, 2000; Mohr et al., 2020; Reuer, 1998). Additionally, although past studies reported TCT, the ROV, and the RBV offer complementary rather than competing predictions (Chang & Singh, 1999; Villalonga & Mcgahan, 2005), the theories have never been used to investigate the factors of the choice of TM for IJVs on an extensive sample of terminated IJVs. Therefore, the second contribution of the dissertation is to verify hypotheses on the theoretically pluralistic model combining TCT, ROV, and the RBV to explicate how certain determinants affect the choice of TM for IJVs.
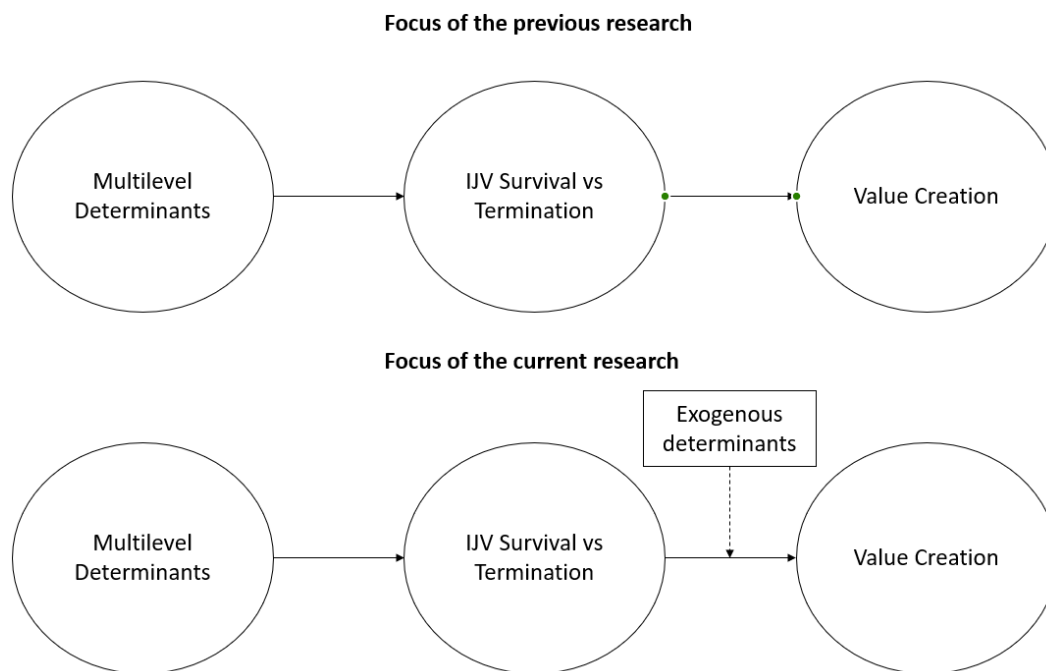
Figure 3. Comparison of the focus of previous and current research.

Third, this study also extends the previous research on the determinants of IJVs' termination by grouping them into factors on four levels: IJV, the parent firm, the host country, and the inter-partner. The majority of previous articles have studied determinants on just one level (Ito, 2009; Lampel & Shamsie, 2000; Reuer, 1998). Far less attention has been paid to investigating the factors from two different

groups (Ogasavara & Hoshino, 2008; Rittippant & Rasheed, 2016; Steensma et al., 2008). Additionally, very few articles have researched determinants on three different levels (Dai et al., 2013; Dhanaraj & Beamish, 2009; Meschi et al., 2017; Reuer, 2002), and so far, no study has investigated determinants on all the levels mentioned above. Furthermore, this dissertation includes IJV formation motives as they justify the specific reason for IJVs' establishment (e.g., Talay & Cavusgil, 2009) and, consequently, potentially influence their TM options (see Makino, Chan, & Isobe, 2007 for the review).

Fourth, this research enhances our understanding of the extent to which a particular TM impacts parent firm VC. The existing literature is very limited in this respect, and with the exception of one study (Reuer, 2000), there is no research testing the impact of a comprehensive sample of acquisition, sell-off, and liquidation TMs on MNE VC. Further, past studies test the moderating/interactive role of both exogenous and endogenous aspects on the impact of divestment/termination on parent-firm VC (e.g., Danso et al., 2021; Kaprielyan, 2016; Kiymaz & Mukherjee, 2000). However, while the influence of the endogenous factors is also analyzed for TM options for the IJV–parent firm VC relationship (Meschi, 2005; Reuer, 2000), the effect of exogenous aspects on the relationship has mainly been overlooked by researchers.

Finally, this dissertation concerns IJVs headquartered in Nordic countries, which are designated SMOPECs. Such economies are shaped by low trade barriers or their absence (Larimo, 2003; Luostarinen & Gabrielsson, 2006). Although past IB studies have analyzed the origins of firms in the above countries, how they entered foreign markets (Arslan & Wang, 2015; Larimo & Arslan, 2013; Oguji, 2018), or the antecedents of survival or divestment of affiliates headquartered in SMOPEC countries (Nguyen et al., 2022; Wang & Larimo, 2017, 2020), research on the modes of termination selected for IJVs remains limited (e.g., Barkema & Vermeulen, 1997). The present dissertation uses a sample of MNEs headquartered in Denmark, Finland, Norway, and Sweden to analyze the determinants of the choice of TM for IJVs and the subsequent impact on the MNEs' VC. Figure 3 depicts the focus of the current research.

This study has several important delimitations. First, only IJVs are investigated. The other entry modes (e.g., WOS, export, licensing, or franchising) could also be incorporated in the context of foreign termination. However, their inclusion would increase the framework's complexity and force the integration of other variables. That would not be feasible given the time constraints and the usual managers' unwillingness to discuss divestment owing to the association of a foreign market exit with failure (e.g., Coudounaris, 2017). Second, the hypotheses are tested on

MNEs headquartered in SMOPECs (in particular Nordic countries), and, consequently, the result of this dissertation will vary from the studies focused on developed and developing HMCs. Therefore, the differences between HMCs should be considered in future attempts to investigate the determinants of the choice of TM for IJVs.

Finally, the prior research has reported two classifications of IJV termination. First, IJV termination is classified as intended or unintended. Termination is considered intended when the initial goals of IJVs are either achieved or no longer prioritized (Makino et al., 2007; Talay & Akdeniz, 2009). In contrast, unintended termination is seen as flowing from unforeseen circumstances (Min, 2017; Ott et al., 2019).

Secondly, IJVs' termination is also classified as voluntary or forced (Trąpczyński, 2016). Forced termination is seen as the exit from the target country provoked by the pressure of the local authorities (Benito, 1997; Tan & Sousa, 2019). Conversely, voluntary termination is seen as flowing from an MNE's deliberate decision to curtail the IJV's operations (Sousa & Tan, 2015). The empirical analysis of this dissertation is based only on unintended and voluntary termination since these types are driven by MNEs' financial, organizational, and strategic tensions rather than firms' responses to changes to legal or regulatory policy (Moschieri, 2011).

1.6 Definition of key concepts

The key concepts in this dissertation have been determined based on their importance to understanding the research phenomenon of the study, which is the termination of IJVs. The adopted definitions are *Foreign Direct Investment, Entry Mode, International Joint Ventures, TM, Value Creation, Sell-off, Liquidation, and Acquisition.*

Table 1.   Definition of the key concepts of the study.

Concept	Definition	Research
Foreign direct investment	"Foreign direct investments are investments in an already existing company to be established abroad, in whose management and control the investor is participating on the basis of the investment made." (Luostarinen & Welch 1990: 156).	Chang and Rosenzweig (2001); Deng (2009); Dunning (1993); Lu et al. (2011); Steensma and Lyles (2000).

Concept	Definition	Research
International Joint Ventures	An independent entity formed and managed by two or more parent-firm to accomplish certain business goals. A joint venture is precepted internationally if at least one of the partners is headquartered in a country different from the market of the IJV's operation (Hennart, 1988; Makino et al., 2007).	Brouthers and Hennart (2007); Hennart (1991); Mata and Portugal (2000), (2015); Meschi (2005); Park and Ungson (1997); Puck et al. (2009); Reuer (2002); Ushijima and Iriyama (2015).
Termination mode	The method of cessation of cooperation between two or more partners including sell-off, liquidation, and acquisition (Meschi & Wassmer, 2013).	Cui et al. (2011); Hennart et al. (2002); Lampel and Shamsie (2000); Makino, Chan, Isobe, and Beamish (2007), and Nemeth and Nippa (2013).
Value creation	VC indicates the reactions of stock markets caused by the termination announcements of IJVs (Reuer, 2000).	Bichescu and Raturi (2015); Kumar (2005); Meschi, (2005b); Reuer (2000), (2001) and Ushijima and Iriyama (2015).
Sell-off	Sell-off TM indicates the business sale via the transfer of IJVs' assets and stakes to another parent or a third party (Meschi, 2005).	Alcantara and Hoshino (2012); Chang and Singh (1999); Hennart et al. (1998); Mata and Portugal (2000); Park and Ungson (1997), and Song (2014).
Liquidation	Liquidation TM explains the process of closing a business involving the complete cessation of the work of a company (Mata & Portugal 2015).	Bichescu and Raturi (2015); Chang and Singh (1999); Dhir and Sushil (2017); Li (1995); Mata and Portugal (2000); Park and Ungson (1997); Tsetsekos and Gombola (1992), and Ushijima and Iriyama (2015).
Acquisition	Acquisition TM is identified as the opposite of the sell-off process when a foreign partner buys-out the IJV equity of the other partner, thereby becoming the sole owner of the venture (Mata & Portugal 2015).	Cui et al. (2011); Cuypers and Martin (2010); Gomes-Casseres (1987); Kogut (1991); Konara et al. (2020); Puck et al. (2009), and Reuer and Tong (2005).

1.7 Structure of the dissertation

The dissertation is organized into seven chapters. The first chapter discusses the research background and research gaps. The discussion is followed by setting the research question and specifying the theoretical and empirical objectives. The chapter also clarifies the position and the expected contribution of the current dissertation. Next, the scope and delimitation of the study are addressed to identify the limits of the dissertation's context and its applicability to readers. Finally, the chapter offers definitions of the key concepts employed in the dissertation and presents its structure.

The second chapter aims to provide a solid theoretical review of the current body of knowledge. The chapter offers an in-depth review of TCT, the RBV, and ROV. Reviewing each theoretical rationale begins with the earlier stages and gradual development of the applied theories. Then, I discuss the application of the theories in the context of the termination of an IJV. This chapter also provides an overview of the implementation of the relevant theories in the context of the TM options for IJVs.

The third chapter reviews previous studies on the choice of TM for IJVs. It starts by providing a brief introduction to the existing literature. The chapter also explains the methodology, including the specification and delimitation of the literature review screening process. The chapter focuses on the empirical literature reporting general results and the findings on the factors affecting the particular TM chosen for an IJV.

The fourth chapter outlines the hypotheses development and presents the study's three research models. The first theoretical model includes the hypotheses related to the determinants of the choice of TM for IJVs. Specifically, I hypothesize about the impact of the characteristics associated with IJV formation motives, parent-firm-level factors, IJV-level factors, inter-partner-level factors, and HSC-level factors. Second, the chapter discusses the impact of the sell-off, liquidation, and acquisition TMs on MNE VC and the potential moderating role of HSC factors on the relationship between IJV TMs and parent-firm VC. The chapter ends with the presentation of the combined model of the dissertation.

The fifth chapter introduces the empirical design of the dissertation. The chapter starts by describing the chosen research approach before outlining the data sources and sample composition. It also discusses the operationalization of dependent, independent, and control variables. Then the sample characteristics of the dissertation are presented. The chapter ends with a discussion of the validity and reliability of the empirical design.

The sixth chapter discusses the results of the study. This chapter starts with a discussion of statistical analysis procedures and descriptive statistics. The next part of the chapter deals with the hypotheses and model related to the determinants of the choice of TM for IJVs (i.e., IJV formation motives, parent-firm-level factors, IJV-level factors, inter-partner-level factors, and HSC-level factors). In the last section of the chapter, the results of the main and moderating effects related to MNEs' value created by IJVs' TMs are presented.

The seventh chapter summarizes the dissertation and features the conclusion of the study. The chapter starts by summarizing the results on the determinants of the choice of TM for IJVs and the consequent MNE VC. Then, the chapter outlines the theoretical and empirical contributions of the study before the next section lists the managerial implications. The last part of the chapter presents the study's limitations and possible directions for future research. Figure 4 illustrates the structure of the dissertation.

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│                        1.  INTRODUCTION                            │
│        ·  Research background                                       │
│        ·  Research gaps                                             │
│        ·  Research questions and objectives of the study           │
│        ·  Scope and positioning of the study                       │
│        ·  Contributions and delimitations of the study             │
│        ·  Definition of key concepts                               │
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│        2.  THEORETICAL PERSPECTIVE OF THE TERMINATION OF IJVS      │
│        ·  Transaction cost theory                                  │
│        ·  Real option view                                         │
│        ·  Resource-based view                                      │
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│  3. PREVIOUS EMPIRICAL STUDIES ON THE DETERMINANTS OF IJV          │
│                      TERMINATION MODE CHOICE                        │
│        ·  Introduction                                             │
│        ·  Methodology                                              │
│        ·  Results (general and TM choice related)                  │
│        ·  Conclusion                                               │
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│        4.  HYPOTHESES AND RESEARCH MODEL OF THE STUDY             │
│        ·  Determinants of IJVs' TM Choice                          │
│              ·  Conceptualization of IJVs' TM choice               │
│              ·  IJV formation motives and four level factors (IJV, │
│                 parent firm, inter-partner, and HSC)               │
│        ·  Parent firm VC of IJVs' TM choice                        │
│              ·  IJV termination and parent firm VC                 │
│              ·  Moderating effect of HSC factors                   │
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│        5.  RESEARCH METHODOLOGY                                    │
│        ·  Research approach and method                             │
│        ·  Data sources and sample characteristics                 │
│        ·  Operationalization of variables                          │
│        ·  Sample characteristics                                   │
│        ·  Validity and reliability of the study                   │
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│        6.  RESULTS                                                 │
│        ·  Statistical analysis procedure                          │
│        ·  Descriptive Statistics                                  │
│        ·  Determinants of IJVs' TM choice                          │
│        ·  Parent firm value creation caused by IJVs' TMs           │
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│        7.  SUMMARY AND CONCLUSION                                 │
│        ·  Summary of results                                      │
│        ·  Theoretical and empirical contributions                 │
│        ·  Managerial implications                                 │
│        ·  Study limitations and future research direction          │
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Figure 4. Structure of the dissertation.

2 THEORETICAL PERSPECTIVE ON THE TERMINATION OF AN IJV

The purpose of this section is to provide a detailed review of three theories used to aid the development of the dissertation's research framework: TCT, the RBV, and ROV. The discussion of each theory includes three parts. The first presents the early stages and development of the theory. The next reviews the application of TCT, the RBV, and ROV in studies on the establishment and formation of new subsidiaries. Each sub-chapter ends with a discussion on the application of the theories in the IJV termination research.

2.1 Transaction cost theory

Transaction cost theory was first proposed by Coase (1937) and further developed by Williamson (1975, 1985) and Hennart (1988, 1991). The theory has been widely used in investigating MNEs' strategic choices, including types of FDIs, entry mode, and ownership position. In IJV research, TCT was first adapted by Hennart (1988) and extended by many authors (Brouthers, 2002; Brouthers, 2013; Delios & Beamish, 1999; Hennart, 1991; Nielsen, 2007; Sestu & Majocchi, 2020; Slangen & Hennart, 2008). The theory posits that MNEs' decisions on the establishment modes, ownership, and the consequent termination of IJVs are driven by efforts to minimize total transaction costs (e.g., Hennart et al., 1998; Hennart, 1991). In this section, the early development of TCT, the application of TCT in IJV termination studies, and criticisms of TCT are discussed in detail.

2.1.1   Early development of TCT

Transaction cost theory originates in Coase's classic work (1937), *The Nature of the Firm*, comparing price mechanisms and companies. Coase (1937:395) categorized companies by the alternative governance modes applied (i.e., price mechanisms) to manage resources most efficiently and, thus, decrease the costs of transactions. He states, "*a firm will tend to expand until the costs of organising an extra transaction within the firm become equal to the costs of carrying out the same transaction by means of an exchange on the open market or the costs of organising in another firm.*" Therefore, Coase's (1937) classic work could be considered the starting point of TCT.

The theory was developed by Williamson (1975, 1985). The author accentuated two aspects, intensifying the costs of transactions. First, bounded rationalities were delimited as "*the capacity of the human mind for formulating and solving*

complex problems is very small compared with the size of the problems whose solution is required for objectively rational behavior in the real world" (Williamson, 1975: 9; Simon, 1965: 198). In contrast, opportunism was classified as "...*self-seeking with guile. This includes but is scarcely limited to more blatant forms, such as lying, stealing, and cheating*" (Williamson, 1985: 47).

Boundary rationality and opportunism would later transform into transactions' uncertainty/complexity and small numbers of exchange relations factors, respectively (Williamson, 1985: 9). They were classified into human factors and environmental factors and reported to impact the condition of information impactedness (Williamson, 1985: 40). These factors result in the situations when "*One of the parties to a transaction has more complete knowledge than does the other, which asymmetry condition is costly to overcome and give a rise to a trading hazard* " (Williamson, 1985: 212).

Transaction cost theory was also extended in the investigation of IJV formation. Prior research has attempted to adapt Williamson's (1975) model in IB studies and stressed that the decision on foreign expansion is based on MNEs' efforts to enter a new market most efficiently (Brouthers & Hennart, 2007; Nippa & Reuer, 2019; Tihanyi et al., 2005). The investigation can broadly be split into two streams. The first stream of research is the entry mode of an IJV, within which there are two IJV types: equity IJVs and non-equity IJVs. Hennart (1988) defines an equity IJV as a unit where "...*two or more sponsors bring given assets to an independent legal entity and are paid some or all of their contribution from the profits earned by the entity, or when a firm acquires partial ownership of another firm,*" while non-equity IJVs "...*describe a wide array of contractual arrangements, such as licensing, distribution, and supply agreements, or technical assistance and management contracts.*"

The second stream is focused on IJV establishment and addresses the choice between acquisition (the purchase of an already existing unit) and greenfield (the development of an entity from scratch) establishment modes (Hennart, 1991; Sestu & Majocchi, 2020). Past IB studies have stressed that MNEs choose an establishment mode based on the competitive advantages of each mode (Jaworek et al., 2018; Mariotti et al., 2021; Slangen & Hennart, 2008).

It should also be mentioned that several studies have tried to explain the performance of IJVs based on TCT (Ireland et al., 2002; Liu et al., 2020; Nielsen, 2007). For example, MNE size influences unit performance because large foreign firms can better support their foreign subsidiaries (Brouthers, 2002; Cuervo-Cazurra et al., 2018). Furthermore, trust between partners can also influence the relationship between IJV partners (Ali & Khalid, 2017). Specifically, trust reduces

coordination activity costs (Nielsen, 2007), generates better profits (Costa e Silva et al., 2012), and creates stability in the partnership (Jain et al., 2014). All the above reduce transaction costs and improve performance among foreign subsidiaries.

2.1.2   Application of TCT in IJV termination studies

The original model of TCT investigates the role of human and environmental factors in the shifts in transactions, while more recent studies have developed the model in IJV formation and performance (e.g., Larimo, Nguyen, & Ali, 2016; Liu et al., 2020). However, it should be stated that in IB research, the key perception of the theory is that the main objective of the foreign operation of each firm is to minimize the costs associated with the operation (e.g., Puck et al., 2009). In recent decades, the theory was also employed to discern the determinants of the choice of TM for IJVs. Past IB studies have reported both endogenous and exogenous risks around affiliates' termination (see Konara et al., 2020, for a detailed review). In the case of endogenous risks, Pedada et al. (2020) found that partners' opportunistic behavior intensifies the dissolution of foreign subsidiaries owing to diminished trust, lack of confidence, and high levels of uncertainty about future cooperation. Further, a minority ownership position was also reported to increase the chances of IJV divestment (Lu & Hébert, 2005) because such forms of ownership are associated with the inability to make major decisions relating to IJV operations and the relatively insignificant role of the units in the MNE corporate structure (Larimo et al., 2016).

Transaction cost theory was widely used in IJV formation and termination studies and assumed an important role in production and transaction costs at all stages of the IJV operation. However, there is still very limited research on how TCT might explain the determinants of the choice of TM for IJVs. Recent literature review studies have accentuated the application of TCT in IJVs' TM research (Nippa & Reuer, 2019; Schmid & Morschett, 2020) and stressed certain antecedents that intensify transaction costs which, in turn, affect the choice of TM for IJVs. However, research reflecting theory against a comprehensive sample of IJV sell-offs, liquidations, or acquisitions remains relatively scarce, and previous TCT studies mainly focus on the comparison of IJVs' survival with one or two IJV TMs (Hennart et al., 1998; Konara et al., 2020; Ogasavara & Hoshino, 2008). For example, inter-partner conflicts were reported to enhance the transaction costs as the parent firm perhaps needed to handle the opportunistic behavior of partners, consequently increasing the chances of the sell-off and liquidation TM options being selected (Park & Ungson, 1997). Conversely, once foreign firms have

acquired their local partners' knowledge of the target countries' business environment, continued operation of the IJV is impractical, and the most cost-efficient decision becomes converting it to a WOS (Dussauge & Garrette, 1997).

2.1.3   Criticism of TCT

Although TCT is considered one of the most powerful theoretical lenses implemented in explaining the numerous phenomena in the IB field, the theory is not without criticism. First, while TCT has the potential to explain certain HSC conditions, the general impression is that the theory is incapable of justifying the role of the majority of HSC-level determinants in the TM choice for an IJV. This view aligns with the existing literature testing the impact based on other theoretical lenses. For example, HSC economic growth is an essential determinant of the choice of TM for IJVs (Rittippant & Rasheed, 2016). However, the logic of TCT is a relatively poor option for explaining how HSC growth influences the choice of TM for an IJV. Therefore, past studies needed to adapt other theories to measure this factor (Kogut, 1991). The ROV was used relatively often because HSC-level factors are generally considered as market cues which signal for better or worse opportunities for foreign firms.

Secondly, while performance factors (both firm and subsidiary) are an important driver of the choice of TM for IJVs (Dai et al., 2013), the existing literature prefers to avoid the implementation of TCT in attempts to investigate the relevant factors. Past IB studies determined that low performance is a precursor for significant internal changes, and the termination of an IJV is mainly seen as an effort to redeploy resources (Cui et al., 2011; Cuypers et al., 2021).

Finally, although the explanatory power of TCT over the determinants of the choice of TM for IJVs (mainly endogenous ones) is claimed in many previous studies, the explanatory power of TCT over the role of IJV TM in parent-firm VC is arguably quite weak. Past studies tried to investigate that role from the perspective of better resource usage in IJVs. For example, shareholders were reported to react positively to IJVs' sell-offs and liquidations motivated by refocusing initiatives since parent-firm are expected to invest newly available resources in more profitable projects (Kumar, 2005; Meschi, 2005).

2.2 The real-option view

The ROV was first proposed by Fischer (1930) and later conceptualized by Myers (1977). In the context of IB studies, ROV was used in Dixit (1989) and Kogut (1983,

1984) and further developed in IJV research (Cuypers & Martin, 2007; Kogut, 1991; Reuer & Tong, 2005; Tong et al., 2008). Some articles have used ROV lenses to investigate the choice of IJVs' establishment and entry modes (Dikova & Van Witteloostuijn, 2007; Slangen, 2013), while others have focused on IJV termination (Pedada et al., 2020). However, a limited number of empirical articles have focused on the choice of TM for IJVs based on the ROV (Rittippant & Rasheed, 2016). The following chapter reviews the early development of the ROV, the application of the ROV in IJV termination studies, and criticisms of the ROV.

2.2.1 Early development of the ROV

The first premises of ROV were reported by Fischer (1930: 125), who accentuated that "...*the income streams are not rigid, but are flexible, that is, that the owner of any item of capital-wealth or capital property, including, of course, and especially, his own person, is not restricted to a sole use to which he may put it, but has open to his choice several possible or alternative uses, each of which will produce a separate optional income stream.*" Myers (1977) developed ROV in the context of firms. He stressed two types of assets available to companies: real assets and real options. The latter is referred to as the opportunity to acquire specific assets on the best terms possible. It should also be mentioned that real options are not eternal and vanish over time.

Myers (1977) proposed two explanations for the gradual decline in the applicability of real options. First, "*The real options may be firm-specific, having no value to any other firm. This could occur if real options are embodied in real assets so that the options cannot be purchased separately.*" Additionally, "*...they (real options) may nevertheless be traded in thin and imperfect secondary markets. If so, the real option's "liquidation value" is less than its value as part of a going concern. This limits the extent to which a real option can be used as specific security for a debt claim*" (Myers, 1977:22-23).

Although some recent literature reviews suggest the ROV expanded through the 1990s (Chi et al., 2019), several ROV studies were published during the 1980s (Dixit, 1989; Kogut, 1984, 1989a). It should be further noted that these studies accentuated the special applicability of the theory in the IB field. The claim was that creating options could be pivotal to globalization and internationalization strategies in firms (Bowman & Hurry, 1993; Kogut, 1983).

The choice of the entry mode is one of the key actions in the process of internationalization (Morschett et al., 2010). Similar to TCT, ROV was used to explain both IJV entry and establishment mode choices. Kogut (1991: 20) stated

that MNEs tend to establish equity JVs in highly uncertain target markets owing to "... *the discretion to expand in favorable environments but avoid some of the losses from downside risk.*" Furthermore, IJVs were seen as the best method of investment in foreign markets owing to the minimal exposure to technological risks and an opportunity to convert IJVs to WOSs once uncertainty resolves (Cuypers & Martin, 2010; Li, 2007).

Environmental uncertainty is also a key factor in the process of selecting an IJV establishment mode (Dikova & Van Witteloostuijn, 2007). In fact, the ROV posits that market uncertainty provides foreign firms with aspects of flexibility that fall under the umbrella term of *keeping options open* (Damaraju et al., 2015; Li et al., 2007). Slangen (2013) posits that the acquisition establishment mode is apt to provide better real-option advantages, especially when the HSCs' government provides a favorable economic environment for foreign firms (e.g., tax incentives and service cost reductions) (Nyuur & Debrah, 2014). Nevertheless, greenfield investments can not follow a wait-and-see strategy (Folta, 1998), but in contrast to the acquisition establishment mode, initial investments in greenfield IJVs are usually smaller, and parent-firm can increase them gradually (Brouthers & Dikova, 2010).

Furthermore, ROV has been employed to investigate IJV performance. Past IB studies have examined the effects of weak IJV performance due to instability and the complexity of managing affiliates but have also reported the value of a wait-and-see approach (Folta & Leiblein, 1994; Luo, 2007b). However, McGrath (1999:16) noticed that "*Real-options reasoning suggests that the key issue is not avoiding failure but managing the cost of failure by limiting exposure to the downside while preserving access to attractive opportunities and maximizing gains.*" In other words, firms gain experience only by trial and error, allowing them to adjust their actions (i.e., via new technologies, products, and markets) (Adner & Levinthal, 2004).

2.2.2   The application of the real-option view in IJV termination studies and criticisms of it

The ROV was extended when applied in the field of IJV termination. It should be mentioned that several articles have stressed the significance of termination clauses in contractual agreements ex-ante (Chi, 2000; Chi & Seth, 2009; Reuer & Tong, 2005). Previous research identifies forms such as the *explicit call option* driven by one partner's right (but not obligation) to purchase or sell a stake in an IJV (Cuypers & Martin, 2007, 2010; Tong et al., 2008).

Owing to the pivotal role of environmental uncertainty in ROV, past IB studies that analyzed IJV termination via the ROV theoretical lens mainly focused on exogenous determinants. This view is further supported by Cui and Kumar (2012), who stress that "*The real-options view predicts a negative relationship between increases in environmental uncertainty and the likelihood of JV termination because when uncertainty increases, it pays to 'keep options open'*" (Cui & Kumar 2012: 1203). For example, Dai et al. (2017) investigated dynamic environments and concluded that MNEs usually prefer to remain in such conditions (rather than exit) because of the high re-entry costs and risks of the loss of real options provided by an IJV. Additionally, research reports that inter-partner learning has an important role in the dissolution of an IJV. Pedada et al. (2020) argued that once foreign partners possess knowledge about the target market, they will try to acquire or dissolve units, and uncertainty in an HSC will cement such a decision.

Previous research has also applied the ROV to identify determinants of the choice of TM for IJVs but relatively scarcely. It should also be mentioned that research on TM options for IJVs has used ROV logic mainly to test the impact of exogenous determinants on the choice of TM for IJVs, while the influence of endogenous forms was often overlooked (e.g., Cui & Kumar, 2012; Rittippant & Rasheed, 2016). For example, the attractiveness of the HSC market encourages foreign firms to increase their level of involvement (Cuypers & Martin, 2010). In contrast, unfavorable HSC regulations (i.e., taxes, utility service costs, and other charges) reduce the attractiveness of the market and, thus, accelerate MNEs' desire to cease IJV operations (Nyuur & Debrah, 2014). Interestingly, research on the formation and termination of IJVs indicates that when firms have explicit call options, they tend to form minority IJVs (e.g., Reuer & Tong, 2005; Tong et al., 2008); however, an MNE with a majority-control IJV tends to favor the acquisition option in the case of termination owing to its having better control over the subsidiaries (Rittippant & Rasheed, 2016).

2.2.3 Criticisms of the ROV

Although the ROV offers an important theoretical lens to analyze IJV termination phenomena from the exogenous point of view, the theory is not without shortcomings. First, the key principle of the theory is the flexibility related to uncertain environments (e.g., Kumar, 2005). Therefore, the ROV permits investigating factors directly or indirectly associated with target markets. However, implementing the theory to test endogenous determinants is challenging as they are not related to those aspects beyond the scope of MNEs' influence. Accordingly, the ROV cannot be used solely for the holistic analysis of the

determinants of the choice of TM for an IJV. Nevertheless, the theory should be combined with other theoretical lenses providing a strong base for the investigation of endogenous aspects.

It should also be mentioned that some recent studies criticize the ROV's explanatory power in certain research designs. Dai and colleagues (2017) claim that the increased maintenance costs would outweigh any opportunity to *keep options open.*

Finally, the aforementioned pivotal role of the ROV in *keeping options open* becomes problematic for investigating the direct impact of IJV TMs on parent-firm VC. In essence, following the logic of this theory, each IJV TM should be seen as reducing flexibility and, consequently, as eliminating real options. If this is true, any attempt to explain the direct impact would be biased. However, IJV termination motivated by a certain HSC condition could be tested via an ROV lens, which could also provide a better explanation of the notion proposed by Dai et al. (2017).

2.3 The resource-based view

The RBV was first proposed by Penrose (1956) and later developed by many authors (Barney, 1991; Penrose 1956, 1959, 1963, 1985; Wernerfelt, 1984). The theory holds that a firm's expansion is directly dependent on the resources it has available to support growth. This sub-section provides a detailed review of the early development of the RBV, its application in IJV termination studies, and the criticisms of it.

2.3.1   Early development of the RBV

The RBV originates in Penrose's (1956) seminal work *Foreign Investment and the Growth of the Firm*, in which the author contends that "*In the absence of markedly unfavorable environmental conditions, there is a strong tendency for a business enterprise possessing extensive and versatile internal managerial resources continually to expand, not only in its existing fields but also into new products and new markets as opportunity offers ... The 'productive opportunity' which invites expansion is not exclusively an external one. It is largely determined by the internal resources of the firm*" (Penrose, 1956: 225).

The theory was expanded by Barney (1991), Penrose (1959, 1963), and Wernerfelt (1984). For example, Penrose (1963) discussed the differences between firm

growth and size concepts. She suggested that growth can be determined as a biological process understood as "*...an increase in size or an improvement in quality as a result of a process of development...*" and as a natural process "*...that will occur whenever conditions are favourable because of the nature of the 'organism'; size becomes a more or less incidental result of a continuous on-going or 'unfolding' process*" (Penrose, 1963: 1). The latter definition has stressed the significance of repeatability which was associated with the growth of experience. Therefore, Penrose (1985:8-9) further extended the RBV in the MNE area: "*... as a result of the growing experience of management, its knowledge of the other resources of the firm and of the potential for using them in different ways, incentives are created for further expansion as the firm searches for ways of using the services of its own resources more profitably.*"

As the pivotal concept of RBV is the availability of resources firms can use for expansion, the theory was widely used in the explanation of FDI entry mode choice (Brouthers & Hennart, 2007; Cook et al., 2012; Paul & Benito, 2018; Paul & Feliciano-Cestero, 2021). Additionally, the RBV relates directly to formation motives, especially to resource-seeking subsidiaries (Dunning, 1998), which are the investments made to gain access to HSCs' tangible and intangible resources (Makino et al., 2007; Nyuur & Debrah, 2014; Talay & Cavusgil, 2009). Since IJVs provide an opportunity to get access to both partners' and HSCs' resources (Hennart, 2012; Meyer et al., 2009), this form of FDI appears to be one of the most beneficial to ease MNEs' competition issues.

Past IB studies have also employed the RBV to investigate the choice of establishment mode. Barkema and Vermeulen (1998) reported that most Japanese companies enter foreign markets via greenfield investments owing to the ease with which parent-firm can transfer resources. In contrast, an MNE would select the acquisition establishment mode to gain access to country-specific (Larimo, 2003) or industry-specific (Chang & Singh, 1999) knowledge required for efficient operation in its target market.

Some studies have employed the RBV to measure parent-firm satisfaction with their foreign subsidiaries' performance (Blesa & Ripollés, 2008; Chen & Hsu, 2010). High MNE resource commitments were reported to enhance unit performance (Larimo & Nguyen, 2015). Further, Arslan and Wang (2015) stressed the importance of HSC knowledge and experience within an MNE, which reduce uncertainty and, thus, positively influence the performance of both the MNE and its foreign units. Additionally, previous research suggests that intangible assets generate competitive advantages in HSCs. Those advantages then contribute to

enhanced performance if the MNE adopts them and avoids them depreciating (Delios & Beamish, 2001; Papyrina, 2007).

2.3.2   Application of the RBV in IJV termination studies

As mentioned above, the availability of certain resources in HSC markets encourages MNEs to establish subsidiaries. Several studies employed the RBV to explain IJV termination decisions (e.g., Ariño & De La Torre, 1998; Dussauge et al., 2000; Cui, Calantone, & Griffith, 2011). The theory sees an IJV's termination as reflecting the lack of fit between the resources of the MNE and those of the IJV (Chang & Singh, 1999). In particular Beamish and Chakravarty (2021) determine that the resources of parent firms (i.e. knowledge, experience, and technologies) directly impact IJVs' performance which, as a result, influences the decision of termination of IJVs. However, Silva and Moreira (2019) stress that the main aim of establishing foreign affiliates is to access new skills and knowledge (i.e., intangible assets), and, consequently, the necessity for resource redeployment (from units to MNEs) can trigger the divestment of an affiliate.

Apart from the fact that bigger firms have access to more resources that permit them to expand their operations abroad (Penrose, 1985), foreign subsidiaries do not usually play a key role in MNEs' corporate structures and, consequently, are more easily divested (Belderbos & Zou, 2009; Schmid & Morschett, 2020). Additionally, Mohr et al. (2018) argued that rapid internationalization increases the strains on MNEs' managerial resources, which, in turn, complicate internal planning and arranging. The researchers see divestment as a possibility to release assets and eliminate the effects of prior over-internationalization. Past IB research has also used the RBV to explain the relationship between units' poor performance and divestment (Konara & Ganotakis, 2020; McDermott, 2010; Pattnaik & Lee, 2014; Song, 2014b). Weak performance among international units signals a need to change the approach to the affiliate's operations (Berry, 2013) as it heightens the risk that parent firm value will be adversely affected (Schmid & Morschett, 2020). Such a threat tends to persuade shareholders that resources could be distributed more advantageously (Meschi, 2005).

Some studies have employed the RBV to investigate the determinants of the choice of TM for IJVs. However, such research is rare, and the majority compares IJV sell-offs and/or liquidation with survival rather than comparing the TMs (e.g., Paul & Rialp, 2020; Schmid & Morschett, 2019). According to Ito (2009), establishing affiliates is driven by MNEs' desire to access supplementary assets. However, since both IJVs and MNEs tend to constantly evolve, resources invested by partners at the beginning of IJVs' operations may not fit well MNEs' strategies anymore,

which, as a result, encourages foreign firms to terminate their IJVs (Cui et al., 2011). Additionally, IJVs are inherently associated with a high resource contribution from the parent firm. However, MNEs are not eager to grant partners access to firm-related resources, which motivates them to choose the liquidation TM (Chang & Singh, 1999).

2.3.3   Criticism of the RBV

Although the RBV has developed over the past six decades, the theory does attract criticism. In particular, certain shortcomings should be considered in the investigation of the determinants of the choice of TM for IJVs. First, while the explanatory power of the RBV was empirically proved for the factors related to the parent firm or a subsidiary impacting the choice of TM for IJVs (e.g., Cui et al., 2011; Dussauge et al., 2000), the role of the HSC factor on the lies outside the scope of the theory. The possible reason for that is in the key construct of the RBV proposing that MNEs are guided by the availability of resources in their international operation.

Second, MNEs' responses to the soft challenges raised in the lifetime of an IJV (e.g., conflicts, opportunism, communication) and their impact on the choice of TM for IJVs are not easily explained via an RBV lens. Although some past studies attempted to investigate certain factors considered soft ones (e.g., IJVs between competitors in (Dussauge & Garrette, 1997), the weak explanatory power of the RBV relating to the above determinants is quite unambiguous. Therefore, theoretical models built on only the RBV can not provide a comprehensive view of the determinants of the choice of TM for IJVs and require supplementary argumentation from the other theories.

2.4 Implementation of theoretical predictions from TCT, ROV, and the RBV for investigation of IJV formation motives and level factors influencing the choice of TM for IJVs

This dissertation is based on the core predictions and arguments from three theories: TCT, the ROV, and the RBV, which address the determinants of the choice of TM for IJVs and the consequent parent-firm VC. The analysis is performed at multiple levels, including IJV, inter-partner, the parent firm, HSC-level factors, and IJV formation motives. The discussion in this chapter indicates how the theories differ in their key theoretical propositions. Additionally, considering that they were also reported to propose complementary and

coinciding predictions in the FD field (Villalonga & Mcgahan, 2005), we can conclude that the theories have the potential to assist the comprehensive explanation of the determinants of the choice of TM for IJVs and the consequent parent firm VC.

In this dissertation, the key proposition of TCT is the base for all soft factors. The factors significantly intensify MNE transaction costs, including monitoring and control expenses. For example, inter-partner conflicts were referred to TCT studies (Konara et al., 2020; Park & Ungson, 1997; Steensma et al., 2008). The opportunism variable was also claimed to be an important trigger for monitoring cost increases (Ali & Larimo, 2016; Park & Russo, 1996; Steensma & Lyles, 2000).

Further, TCT is also used to explain the impact of parent-firm-level factors on the choice of TM for IJVs. The same constructs were employed in the current body of knowledge, for example, for addressing the effect of ownership distribution, which is closely related to transaction expenses, on the choice of TM for an IJV (Mata & Portugal, 2000; Ogasavara & Hoshino, 2008; Reuer, 2002). Further, TCT was also applied to investigate the role of business relatedness on the choice of TM for an IJV. The prior research accentuated the small transaction costs associated with related subsidiaries (Isidor et al., 2015; Villalonga & Mcgahan, 2005). The role of the establishment mode in the choice of TM for IJVs was also measured via a TCT lens. Terminating an IJV established either by acquisition or greenfield was reported to cut transaction expenses (Chang & Singh, 1999; Li, 1995; Mata & Portugal, 2000, 2015).

The choice of ROV is due to the explanatory power to the exogenous determinants and, in particular to HSC environment (Li et al., 2007). Therefore, the theory was implemented as the theoretical base for the analysis of the HSC-level factors in this research. The theory was used to explain the impact of the factors on the choice of TM for IJVs and their moderating potential in the relationship between the IJV TM option and VC. The HSC determinants were considered important predictors in the existing ROV studies. For example, HSC economic growth signals increased demand in target markets motivating MNEs to exercise the real option (Iriyama & Madhavan, 2014; Kogut, 1991; Talay & Akdeniz, 2009). Further, ROV arguments indicate that HSC intellectual property rights (IPR) protection might also explain the choice of TM for an IJV. An uncertain environment encourages a foreign firm to include a call option to convert an IJV to a WOS if its competitive advantage is in jeopardy (Getachew & Beamish, 2017; Reuer & Tong, 2005).

Furthermore, since the current body of knowledge argues that RBV offers explanatory power of endogenous factors (Sharma & Erramilli, 2004), the dissertation applies the RBV to analyze determinants related to parent firms. Some

of the existing studies have already used the theory to explain the determinants of the choice of TM for IJVs and the subsequent parent-firm VC. However, except for a few articles (e.g. Meschi, 2005), the investigation of the impact is rather scarce. Nevertheless, in FD research, the RBV is generally considered an important determinant of parent-firm VC (Borde et al., 1998; Pearce & Patel, 2022). Additionally, this dissertation uses the RBV to empirically investigate the role of unrelated IJVs on the choice of TM for IJVs. Such IJVs are characterized by management difficulties and the weak possibility of MNEs providing financial and managerial support (Alcantara & Hoshino, 2012; Hennart et al., 1998; Schmid & Morschett, 2020).

All of the aforementioned determinants are tested via the single theory. However, the empirical analysis of two-level factors required the combination of arguments from the different theories. First, IJV-level factors include IJV age and IJV performance and are based on the combined theoretical argumentation. The age of an IJV age is an important determinant of the choice of TM in both existing TCT and ROV studies (Inkpen & Beamish, 1997; Iriyama & Madhavan, 2014; Mata & Portugal, 2015). Further, the ROV informs some existing literature analyzing IJV performance that claims the variable would signal fewer/more opportunities in HSC markets (Schmid & Morschett, 2020; Ushijima & Iriyama, 2015). In contrast, RBV argumentation reveals that IJV performance directly impacts MNEs' decisions on resource redeployment (Berger & Ofek, 1995; Wright & Ferris, 1997). Therefore, the aforementioned theoretical rationales are used to measure IJV-level factors.

Second, a lack of research on the role of IJVs' formation rationales in the choice of TM for IJVs led to the motives being analyzed via multiple theoretical lenses because such research designs were claimed to have high explanatory power (Dikova & Brouthers, 2016). In particular, the theoretical discussion on resource-seeking and market-seeking IJV formation motives is based on TCT and the RBV. Further, efficiency-seeking formation motives are analyzed based on the combined argumentation from TCT and the ROV, while that of strategic-asset seeking is based on the RBV and ROV.

3 PRIOR EMPIRICAL STUDIES ON THE DETERMINANTS OF IJV TM CHOICES

This section reviews empirical articles on IJV, the parent firm, the HSC, and inter-partner factors of the choice of TM for IJVs. The chapter starts with an introduction to the current body of knowledge. Then, the methodology and search inquiry criteria are presented. The next sub-section reports the results of the reviewed studies and the aforementioned level factors. This section ends by summarizing the findings.

3.1   Introduction to the current body of knowledge

The term TM refers to the partnership cessation method (Meschi & Wassmer, 2013). Most IJVs are terminated in one of three ways: buying out the partners' equities and thus converting the IJV to a WOS (i.e., *the acquisition TM*) (Mohr et al., 2020; Puck et al., 2009; Steensma et al., 2008), selling the parent's stakes to the partners or a third party (i.e., *the sell-off TM*) (Mata & Portugal, 2000; Meschi, 2005; Nadolska & Barkema, 2007), or shutting down the IJV (i.e., *the liquidation TM*) (Brown & Panibratov, 2016; Mata & Portugal, 2015; Nippa & Beechler, 2013).

Although past research has called for investigations of the TM applied to IJVs (e.g., Nemeth & Nippa, 2013; Nippa & Reuer, 2019), the determinants of the choice of TM for IJVs have been studied to only a limited extent to date. Therefore, this chapter aims to consolidate the determinants of the choice of TM for IJVs and critically analyze them. All the factors included in the analysis have been reported to impact the choice of TM for IJVs in at least two of the sampled articles, which validates them as core constructs in the literature. The objectives are supported by explaining the measurements of the determinants. The chapter reports on the review of articles in the most relevant scientific journals in the management, marketing, IB, and finance disciplines undertaken to achieve its goals.

This chapter also directly addresses the calls of Nemeth and Nippa (2013), Nippa and Reuer (2019), and Schmid and Morschett (2020) for particular attention to be paid to the determinant of the choice of TM for an IJVs. It does so in two ways: First, the section identifies, summarizes, and synthesizes the literature in the field. The termination of a JV is a separate phenomenon rather than inalienably connected to a firm's instability (Duhaime and Grant, 1984). Although Duhaime and Grant studied domestic JVs, their article sparked the investigation of the phenomenon, and Gomes-Casseres (1987) extended the work by analyzing an international sample. Many scholars have since studied IJV termination, so we

now have a quite developed understanding of the phenomenon. This chapter includes a review of 40 scientific articles investigating the phenomenon.

Second, this chapter focuses on how certain determinants impact the choice of TM for an IJV. Unlike previous research analyzing articles on IJV termination rather than the choice of TM (Nemeth & Nippa, 2013), this chapter considers the sell-off, liquidation, and acquisition TMs and proposes a more comprehensive conceptualization of the determinants of IJV termination.

3.2 Sample selection and literature search

The discussion above drove the choice of methodology. The article search was performed in the databases that were recognized as comprehensive and complementary in the previous studies (Arte & Larimo, 2019; Paul & Rialp, 2020; Silva & Moreira, 2019), such as ScienceDirect, Emerald, Jstor, ProQuest, Scopus, and Wiley Online Library databases.
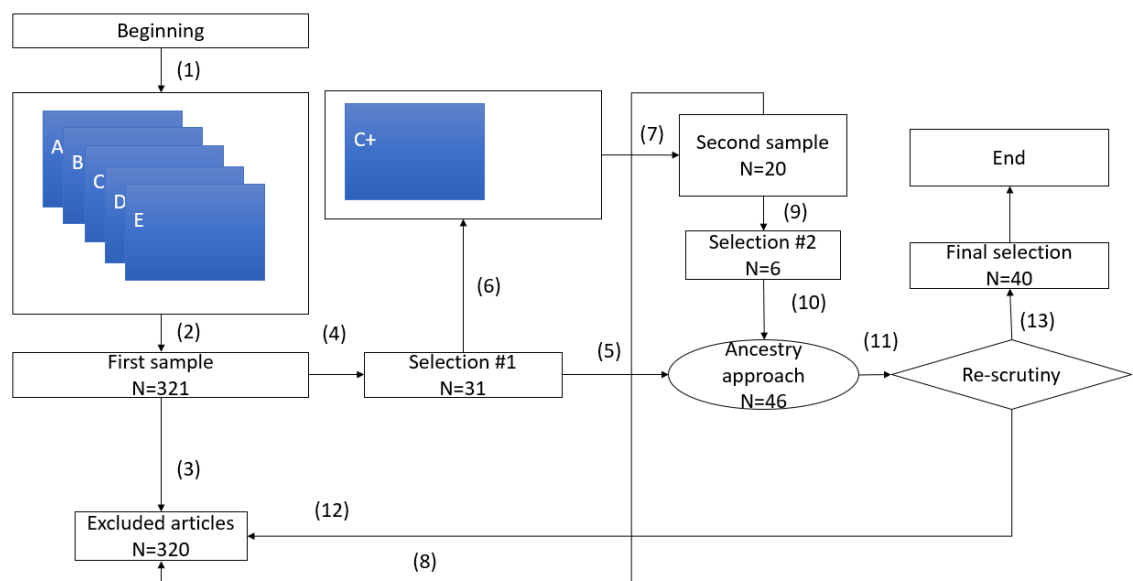
Figure 5. Logical flow chart of the article search protocol (adapted from Aliaga-Isla & Rialp, 2013).

Figure 5 gives a brief overview of the literature search process. The process involved several steps: (1) only articles that investigated termination among IJVs as a separate phenomenon in the time frame between 1984 and 2020 were included. In this step, five additional criteria were introduced: (A) Subsidiary scope: this chapter includes only articles that investigated IJVs and international strategic alliances (ISAs). (B) Transaction type: IJVs' termination is a

multidisciplinary topic, and prior research has conceptualized termination in different ways (see Nemeth & Nippa, 2013). There were four terms most commonly used: dissolution (Heidl et al., 2014; Pedada et al., 2020; Polidoro et al., 2011), divestment (Duhaime & Grant, 1984; Nyuur & Debrah, 2014; Soule et al., 2014), exit (Chang & Singh, 1999; Song, 2014a; Tan & Sousa, 2019), and termination (Cui & Kumar, 2012; Kaufmann & O'Neill, 2000; McCutchen et al., 2008). (C) Termination modes: the sampled articles focus on subsidiaries that were sold off, acquired, or liquidated. Therefore, those studies that failed to distinguish between TMs (Delios & Beamish, 2004; Pedada et al., 2020; Soule et al., 2014; Xu & Lu, 2007) or focused on partial termination (e.g., partial sell-off or spin-off) (Iriyama & Madhavan, 2014) were excluded from the final sample. (E) Quality: following Silva and Moreira (2019), only full-length and peer-reviewed articles were included in the final analysis, while reviews, comments, reports, and letters were excluded (Gaur & Kumar, 2018). (E) Language: owing to the linguistic barriers and the large number of studies written in English, only scientific articles published in English were included.

After setting the research criteria, the first search inquiry was performed (2). The results yielded 321 articles. However, 290 of them needed to be excluded as they were unsuitable in the context of this chapter (3). Articles were excluded for two main reasons. The first was the usage of TMs applying to IJVs as an independent variable (Kumar, 2005; Parameswar & Dhir, 2019; Reuer, 2000). These studies usually investigate post-termination activities and, thus, could not be considered in the context of this chapter.

Second, the chosen articles investigate the effect of at least one determinant on IJVs' sell-offs, liquidations, and/or acquisitions. Therefore, the studies that did not focus on the effect (McCutchen et al., 2008; Meschi & Riccio, 2008) or investigated termination in general (Min, 2017; Talay & Akdeniz, 2009) were excluded. Consequently, the first search inquiry yielded 31 suitable studies (4). Additionally, several more ways to conceptualize TMs for IJVs were identified during the search process. For example, the terms *buy-out* or *call option* have sometimes been used to refer to the acquisition TM choice (C+) (Konara et al., 2020; Reuer, 2002). These terms were incorporated in the second search inquiry, an action that provided 20 more articles (7), but 14 of them were unsuitable because they did not meet the aims of the chapter (8). Therefore, the second search yielded six relevant works (9).

The results of two search inquiries revealed 37 suitable articles. Additionally, following the recommendations of the prior literature review studies (e.g., Arte & Larimo, 2019; Lee & Madhavan, 2010; Nemeth & Nippa, 2013; Schmid &

Morschett, 2020), the search protocol incorporates the ancestry approach technique, which is the backward-tracing process of the previously identified studies' references. This technique helped identify nine relevant studies and expand the sample to 46 articles (11). Then, each article was re-scrutinized by re-reading abstracts and introductions to ensure they fit the research criteria (Aliaga-Isla & Rialp, 2013). Therefore, six studies were excluded as they lay outside the scope of the chapter (12). The final sample of the chapter was 40 articles investigating the determinants of TM choice relating to IJVs (13).

It should be noted that there are some limitations to the search criteria. First, only articles investigating IJVs and ISAs with equity share ownership types were included. These types are associated with the high involvement from all partners and, thus, could be considered the key constructs in IJV termination research (Bowe et al., 2014). Second, prior research has identified two main types of IJV termination: *intended* when foreign firms achieve the original goals of the partnership and *unintended* when foreign firms terminate their subsidiaries owing to unexpected circumstances (e.g., Makino et al., 2007; Ott et al., 2019; Talay & Akdeniz, 2009; Trąpczyński, 2016). Forced divestments also had to be excluded because the key constructs of these divestments lay beyond the scope of this chapter (e.g., Benito, 1997; Tan & Sousa, 2019). Therefore, this chapter is focused only on the unintended and voluntary forms of IJV termination because those types are reported to be driven by financial, organizational, and strategic reasons rather than legal or regulatory ones (e.g., Moschieri, 2011).

3.3 Results

3.3.1 General results

The sample introduced in this chapter includes 40 articles: 39 quantitative and one qualitative (Hennart et al., 2002). The inclusion of Hennart et al. (2002), unlike the other qualitative studies (e.g., Ariño & De La Torre, 1998; Pajunen & Fang, 2013), is conditioned by the extensive sample of terminated IJVs (32 cases). The sampled studies were published in 16 journals, and the most common of them are *Strategic Management Journal (SMJ), Journal of International Business Studies (JIBS) (8 studies each), Management International Review (MIR) (3 studies), Academy of Management Journal (AMJ) (2 studies).* Therefore, 40% of chosen articles were published in two journals (SMJ and JIBS).

As mentioned, the earliest article on JV termination was published in 1984 (Duhaime & Grant, 1984). Although the authors focused more on the divestment

side of JVs—in that they investigated IJVs' sell-offs and liquidations—the study should be considered the point when JV termination was first treated as a separate phenomenon. Gomes-Casseres (1987) subsequently extended the research to include an international sample and also delineated termination from instability.

Interest in IJVs' termination has grown markedly since 1987, and each subsequent decade has seen an almost equal number of articles published (see Table 2). However, although recent studies have drawn attention to foreign divestments (Belderbos et al., 2021; Nguyen et al., 2022; Song, 2021), since 2016, only five of the sampled articles focus on the determinants of the choice of TM for IJVs.

Table 2 summarizes the information on the analyzed articles, including article number, investigated TMs, and journal names. The articles studied all three TMs are shown in bold. The general impression is that the current body of FDIs' knowledge has overlooked the analysis of TMs. Instead, prior research investigated the overall divestment (Montgomery & Thomas, 1988), compared divestment and survival (Xu & Lu, 2007), or divestment and acquisition (Mulherin & Boone, 2000). It should also be stated that, as identified in the last column in Table 2, the clear majority of the sampled articles opposed IJV TMs to survival rather than comparing IJV TM(s) against each other.

Table 2.   Past studies on the determinants of IJVs' TM choice.

#	Year and Study	Journal	Termination mode			Compared with survival
			Liquidation	*Sell-off*	*Acquisition*	
1.	**Gomes-Casseres (1987)**	**JWB**	✔	✔	✔	✔
2.	Kogut (1989)	JIE	✔	✔		✔
3.	**Bleeke and Ernst (1991)**	**Harvard Business Review**	✔	✔	✔	✔
4.	*Blodgett (1991)*	*JIBS*			✔	✔
5.	Kogut (1991)	Management Science		✔	✔	✔
6.	**Park and Russo (1996)**	**MS**	✔	✔	✔	✔
7.	Barkema & Vermeulen (1997)	JIBS	✔	✔		✔
8.	**Dussauge and Garrette (1997)**	**ISMO**	✔	✔	✔	✔
9.	Olk & Young (1997)	SMJ	✔	✔		✔
10	**Park and Ungson (1997)**	**AMJ**	✔	✔	✔	✔

#	Year and Study	Journal	Termination mode			Compared with survival
			Liquidation	*Sell-off*	*Acquisition*	
11	Hennart et al. (1998)	Organization Science	✓	✓		✓
12	**Reuer (1998)**	**EMJ**	✓	✓	✓	x
13	**Hennart et al. (1999)**	**SMJ**	✓	✓	✓	✓
14	**Dussauge et al. (2000)**	**SMJ**	✓	✓	✓	✓
15	Lampel and Shamsie (2000)	SMJ	✓	✓		✓
16	Mata and Portugal (2000)	SMJ	✓	✓		✓
17	*Folta and Miller (2002)*	*SMJ*			✓	✓
18	Hennart et al. (2002)	JIM	✓	✓		x
19	Hennart and Zeng (2002)	JIBS	✓	✓		✓
20	Reuer (2002)	MIR		✓	✓	
21	Dhanaraj and Beamish (2004)	SMJ	✓	✓		✓
22	Ogasavara and Hoshino (2008)	ABM	✓	✓		✓
23	*Steensma et al. (2008)*	*JIBS*		✓	✓	x
24	**Belderbos and Zou (2009)**	**JIBS**	✓	✓	✓	✓
25	Dhanaraj and Beamish (2009)	MIR	✓	✓		✓
26	*Puck et al. (2009)*	*JIBS*			✓	✓
27	**Cui et al. (2011)**	**JIBS**	✓	✓	✓	✓
28	Polidoro et al. (2011)	AMJ	✓	✓		✓
29	**Cui and Kumar (2012)**	**JBR**	✓	✓	✓	✓
30	Mata and Freitas (2012)	JIBS	✓	✓		✓
31	*Dai et al. (2013)*	*JIBS*	✓			✓
32	**Nyuur and Debrah (2014)**	**TIBR**	✓	✓	✓	✓
33	Song (2014)	APJM	✓	✓		✓
34	Soule et al. (2014)	SMJ	✓	✓		✓
35	**Mata and Portugal (2015)**	**IBR**	✓	✓	✓	✓
36	Dan and Zondag (2016)	IMM	✓	✓		✓
37	**Rittippant and Rasheed (2016)**	**MRR**	✓	✓	✓	✓

#	Year and Study	Journal	Termination mode			Compared with survival
			Liquidation	*Sell-off*	*Acquisition*	
38	Dhir and Sushil (2017)	GJFSM	✓	✓		✓
39	**Meschi et al. (2017)**	**MIR**	✓	✓	✓	✓
40	**Konara et al. (2020)**	**IMR**	✓	✓	✓	✓

JWB – Journal of World Business; ISMO - International Studies of Management and Organization; JBR - Journal of Business Research; TIBR - Thunderbird International Business Review; IMM - Industrial Marketing Management; MRR - Management Research review; GJFSM - Global Journal of Flexible Systems Management; IMR - International Marketing Review; JBR - Journal of Business Research; JIM - Journal of International management; EMJ - European Management Journal; JIE - The Journal of Industrial Economics.

The analysis aims to identify the determinants of IJV sell-offs, liquidations, and/or acquisitions. It should be noted that both the sell-off and liquidation TMs constitute a reduction in equity shares (e.g., Konara et al., 2020), while the acquisition TM entails an increase. Among the sampled articles, four investigate only one TM, 20 two modes, and 16 all three TMs. Additionally, since this chapter is focused on determinants researched in at least two of the identified articles, some of the TMs were not included in the main analysis of the chapter (underlined in Table 2). Further, two study fits the chapter's research criteria (i.e., Lampel & Shamsie, 2000; Soule et al., 2014) but had to be excluded from the final analysis because none of the other sampled articles investigated the same determinants.

Considering the investigation of the particular TM choice, past studies have almost equally focused on the liquidation and sell-off TMs (34 and 36 articles, respectively), while acquired IJVs were studied considerably less frequently (in 22 articles). It should also be noted that the investigation of the determinants of the choice of TM for IJVs has stagnated slightly during the past five years, with only one article published in that period (i.e., Konara et al., 2020). However, the articles that investigated IJVs' termination and divestment continue to be published, identifying a clear interest in the topic (Nguyen et al., 2022; Ott et al., 2019; Parameswar & Dhir, 2019).

Most of the studies focus on a mixed sample of industries (mainly manufacturing), while quite a few articles have included service sectors at least partly (Steensma et al., 2008). Only four studies were focused on the particular industry (Belderbos & Zou, 2009; Dan & Zondag, 2016; Folta & Miller, 2002; Park & Russo, 1996) (see Appendix 1 for details). Fixing IJVs' industry on at least 2-digit standard industrial codes (SIC) could help research the particular sector, but having a mixed industry sample would allow for a certain generalization level.

It should also be mentioned that the termination rate is reported in 37 of 40 articles. Four investigated a sample comprising only terminated IJVs (Appendix 1). The other studies use samples including between 9% (Belderbos & Zou, 2009; Song, 2014a) and 85.7% (Polidoro et al., 2011) terminated IJVs. However, the majority of the articles were based on samples where fewer than half of the IJVs were terminated (22 studies), while only five studies reported a termination rate of over 70% (Appendix 1).

The analyzed quantitative works were based on samples of between 49 and 12984 terminated IJVs. Seven studies used relatively small samples (fewer than 100 cases), while eight articles used samples of over 1000 cases. However, over the half of the sampled articles investigated samples between 80 and 300 terminated IJVs. However, it seems feasible that bigger samples would include multiple TMs and more determinants. The analysis revealed only two studies attempting to investigate three TMs within the sample of more than 1000 IJVs (Gomes-Casseres, 1987; Mata & Portugal, 2015) (see Appendix 1 for a detailed review). Additionally, both have compared termination and survival, which leaves room for investigations of terminated IJVs on comprehensive and large samples (1000 cases and more) because of the high probability of eliciting more precise implications.

The analysis method was reported in 35 of 40 quantitative studies. More than half the articles applied event history analysis (11 studies) or the Cox hazard model (10 studies). These methods are considered applicable if the TMs are treated as dependent variables. Furthermore, while quantitative methods are popular in IJV termination research, few studies have applied a mixed method (e.g., Greve et al., 2010).

The sampled articles investigated numerous HMCs and HSCs. The most popular sample arrangements were IJVs headquartered in multiple HMCs and operated in a single HSC (17 articles) as well as subsidiaries from a single HMC which operated in multiple HSCs IJVs (13 articles) (Appendix 1). It should also be mentioned that after 2010 around two-thirds of the analyzed studies focused on a single HMC / multiple HSCs sample composition. Although the inclusion of numerous HMCs and HSCs could enhance the sample size, fixing them would provide a more precise view of the endogenous determinant of the choice of TM for IJVs (i.e., related to economic, political, and cultural factors).

The majority of the MNEs analyzed in the sampled articles are from developed countries. More precisely, 10 studies investigate IJVs headquartered in Japan and six in the USA. Furthermore, the USA has been the most popular location for the formation of IJVs (studied in 12 articles). It should also be mentioned that the

existing studies featured SMOPECs as HMCs in three articles (Mata & Freitas, 2012; Mata & Portugal, 2000, 2015) and HSC SMOPECs in one article (Barkema & Vermeulen, 1997).

3.3.2   Results on the determinants impacting the choice of TM for IJVs

The analysis of the identified studies revealed 153 determinants impacting the choice of TM for IJVs. The deviation method proposed in some of the literature review articles (Christoffersen, 2013; Schmid & Morschett, 2020) was also used. The method constitutes the inclusion of the determinants considered in more than one of the sampled articles. Therefore, the number of suitable determinants has decreased to 21.

Past IB studies have determined four main types of the choice of TM for IJVs: parent firm, HSC, IJV, and inter-partner factors (Nemeth & Nippa, 2013; Nippa & Beechler, 2013; Schmid & Morschett, 2020). Among the 21 determinants, three align with HSC factors, seven are determined as IJV factors, four are associated with the inter-partner determinants, and seven are classified as parent-firm determinants.

IJV factors

Table 3.   IJV determinants of the choice of TM for IJVs.

Determinant	*Measurement*	1	2	**3**	**4**	5	**6**	**7**	8	9	10	11	12	**13**	**14**	15	*16*	**17**	18	**19**
Age of IJVs	*Young*								L			S/L						L		
	Mature								S			S/L		L		S/L	L	A/L		
IJV performance					S/L	S					S/L			A	S/L			L		
Marketing intensive			A																	S/L
IJV Origin	*Link*							S/A												
	Scale	S/L																		
IJV size	*Small*											S/L	L					L		
	Big																	A		
Type of IJV	*Integrative*			A	L			A												
	Sequential				S															
Multi-firm IJV								A/L		S										A

S- Sell-off; L – Liquidation; A – Acquisition; S/L – Sell-off and Liquidation; A/L – Acquisition and Liquidation. Articles focusing on all three TMs in bold.
1-Kogut (1989); 2-Kogut (1991); 3-Park and Russo (1996); 4-Dussauge and Garrette

(1997); 5-Olk & Young (1997); 6-Hennart et al. (1999); 7-Dussauge et al. (2000); 8-Mata and Portugal (2000); 9-Hennart and Zeng (2002);10-Hennart et al. (2002); 11-Dhanaraj and Beamish (2004); 12-Ogasavara and Hoshino (2008); 13-Belderbos and Zou (2009); 14-Cui et al. (2011); 15-Mata and Freitas (2012); 16-Dai et al. (2013); 17-Mata and Portugal (2015); 18- Dan and Zondag (2016); 19- Konara et al. (2020).

The most commonly investigated IJV factor is the *age* of subsidiaries (6 studies). Two of the sampled studies reported the impact of *young IJVs* on the liquidation TM choice (Mata & Portugal, 2000, 2015). The researchers argued that such IJVs do not have a chance to develop trust and competitive advantages. Therefore, liquidation is the simplest option to end the partnerships.

The results on *mature IJVs* are more ambiguous. An MNE will contribute parent-firm-related resources throughout its IJVs' operational life (Dhanaraj & Beamish, 2004; Steensma et al., 2008), and a reluctance to relinquish access to those resources intensities the possibility of acquisition (Dussauge et al., 2000; Mata & Portugal, 2015) or liquidation (Belderbos & Zou, 2009) TM choices. Nevertheless, IJVs will become less relevant over time, requiring MNEs to look for better options for using their resources and, consequently, to sell mature IJVs (Mata & Freitas, 2012). Furthermore, two articles reported a U-shaped relationship between IJVs' age and IJVs' TM choices, and thereby, found that both young and mature IJVs enhance the chances of liquidation (Mata & Portugal, 2015) or sell-off and liquidation (Dhanaraj & Beamish, 2004).

It is also noteworthy that although a few studies have discerned the presence of a "honeymoon effect" (Hennart et al., 1998; Meschi et al., 2017), investigations of IJVs' termination at the early stage of operations are still quite common. Previous studies have suggested that the honeymoon for IJVs lasts for two to three years (Lu & Xu, 2006). However, excluding at least the first year of IJVs' operation from the main analysis would provide more accurate results on the factors of the choice of TM for IJVs.

Six of the sampled studies focused on the *IJV performance* determinant. The desire to eliminate *poorly performing* units usually pushes MNEs to sell-off or liquidate their affiliates (Dai et al., 2013; Olk & Young, 1997). The general impression is that foreign firms tend to divest poorly performing IJVs due to cross-subsidization cutting probability (Berger & Ofek, 1995) and the opportunity to redeploy resources (Wright & Ferris, 1997). Among the sampled articles only Steensma et al. (2008) studied the impact of the high performance of IJVs on IJV TM choice and concluded that high performance intensifies the chances of acquisition TM choice.

The investigations of other determinants were relatively scarce. For example, past studies have distinguished between IJVs including collaborative production (*integrative*), and IJVs where only one partner is in charge of manufacturing, while the others are involved in different types of activities (e.g., distribution or marketing) (*sequential*) (Dussauge et al., 2000; Hennart, 1988; Park & Russo, 1996). Integrative IJVs were found to be liquidated due to MNEs' being unwilling to share their assets with partners (Dussauge & Garrette, 1997) or acquired because that entailed less risk (Park & Russo, 1996). Among the analyzed studies, only Dussauge et al. (1997) compared sequential and integrative IJVs and found an influence of sequential IJVs on the sell-off TM choice since the exit barriers are low.

Furthermore, *multi-firm IJVs* were related to high instability and management complexity. However, the results on this variable are ambiguous. One research stream reports that MNEs prefer to acquire multiple partner IJVs owing to the increased endogenous risks within such partnerships (Konara et al., 2020). On the other hand, such IJVs were linked with sell-off (Hennart & Zeng, 2002) and liquidation (Dussauge et al., 2000) TM choices due to disagreements and conflicts within partnerships.

Additionally, prior research was focused on the role of IJV size in TM choice. Parent firms tend to liquidate (Mata & Portugal, 2015; Ogasavara & Hoshino, 2008) or sell-off (Dhanaraj & Beamish, 2004) *small IJVs* because their contribution is not significant, so divestment will have little impact on the MNE. On the contrary, the greater contribution of resources typically associated with *big IJVs* was reported to enhance the chances of the TM choice being acquisition (Mata & Portugal, 2015). These are usually technology-related contributions, and MNEs do not wish to provide access to them to local partners, which makes acquisition the only TM option (e.g., Inkpen & Beamish, 1997).

Additionally, the prior research focused on the role of IJVs' *marketing intensive* in the TM choice. Market intensives were classified as the combination of IJV's activities including after-sales, distribution, and/or direct marketing (Kogut, 1989b). These activities enhance the development of market-related knowledge of foreign partner which, in turn, enhance the chances of the TM choice being acquisition (Kogut, 1991). On the other hand, if a local partner undertakes marketing intensives solely, the MNE is most likely to pursue a sell-off or liquidation TM option (Dan & Zondag, 2016).

Finally, there was some focus on the role of *IJV origin* in TM choice. This determinant is seen as the asymmetry of knowledge that partners contribute to the subsidiary. In this context, *link IJVs* were classified as the units where parties

contribute different knowledge. Thus, all partners have a chance to possess new knowledge which, as a result, vanishes the necessity for further partnership and increases the probability of sell-off or acquisition TM option (Dussauge et al., 2000). On the other hand, parties invest similar resources in *scale IJV* which leads to the competitive rivalry within an IJV enhancing the probability of the TM choice being sell-off or liquidation (Kogut, 1989b). Table 3 depicts the previously found influence of the particular determinants on the choice of TM for IJVs.

Inter-partner factors

The analysis of the sampled articles revealed only four determinants related to inter-partner factors. The current body of knowledge was focused on the role of *IJV between competitors* in TM choice. Such cooperation is prone to a range of leakages, including R&D, technical skills, and know-how, which intensify the probability of an IJV being terminated by sell-off or liquidation (Park & Russo, 1996). Additionally, IJVs between competitors are inherent to many other inter-partner challenges, including opportunistic behavior, distrust, and cheating (Park & Ungson, 1997), as well as the difficulties in reaching agreement over the form of an IJV's termination (Park & Russo, 1996).

Furthermore, several articles studied the influence of the *technological intensity of partners*. This determinant was related to the technological resources transferred from partner firms to IJVs (Park & Ungson, 1997). The technological intensity of a local partner was reported to enhance the chances of an IJV being terminated by sell-off or liquidation as in such a case local firms often prioritize the needs of MNE above the IJV (Dan & Zondag, 2016).

Additionally, prior research was focused on the role of *resource complementarity* in TM choice. This element is seen as the dissimilarity in resources of the partner which can be combined for the creation of synergies (Cui & Kumar, 2012). Parent firms usually tend to liquidate or sell-off IJVs where the resource complementarity is low because of lower learning opportunities and absorptive capacity (Dan & Zondag, 2016).

Finally, *conflicts* between partners increase the possibility of an IJV being terminated by acquisition (Hennart et al., 1999; Steensma et al., 2008). Although a few studies theoretically argue that conflict is a significant determinant in the IJV termination process (Ito, 2009; Lampel & Shamsie, 2000; Park & Ungson, 1997), the investigation of the determinant's impact on the choice of TM for IJVs lies outside the purview of their analyses. Table 4 summarizes the information on the identified inter-partner determinants and their impact on the choice of TM for IJVs.

Table 4.   Inter-partner determinants of IJVs' TM choice.

Determinant	Article number						
	1	2	**3**	4	5	6	7
Conflict			A	A			
IJV between competitors	S/L	S/L					
Partner technological intensity		L				S/L	
Resource complementarity					S/L		S/L

S- Sell-off; L – Liquidation; A – Acquisition; S/L – Sell-off and Liquidation; S/A – Sell-off and Acquisition. Articles focusing on all three TMs in bold.

1- Park and Russo (1996); 2-Park and Ungson (1997); 3-Hennart et al. (1999); 4-Steensma et al. (2008); 5-Cui and Kumar (2012); 6-Dan and Zondag (2016); 7- Dhir and Sushil (2017).

Parent-firm factors

The initial ownership position of an IJV is the most researched parent-firm factor (14 articles). This determinant is usually classified into three categories: majority-, equal-, and minority IJVs (e.g., Lu & Hébert, 2005; Tsang & Yip, 2007). Prior research argued that *minority IJVs* are often sold off owing to the low control associated with such investments (Gomes-Casseres, 1987; Mata & Portugal, 2015; Reuer, 2002). Only Belderbos and Zou (2009), and Mata and Portugal (2000) reported that minor equity possession intensifies the choice of the liquidation TM, substantiating this by referencing the low commitment of the parent-firm. *The equal-IJVs* variable generated mixed results in prior work. This determinant was associated with a high probability of decision-making conflict and increased the chances of the IJV being sold (Konara et al., 2020) or liquidated (Park & Ungson, 1997). On the other hand, some studies indicated equal IJVs tend to be converted to a WOS since sole operations are less troublesome (Reuer, 2002).

The results on the *majority IJVs* are more unambiguous. Almost all analyzed articles found that foreign firms tend to acquire IJVs through majority ownership (Bleeke & Ernst, 1991; Konara et al., 2020; Rittippant & Rasheed, 2016). This tendency can be explained by the high MNE contribution to this type of IJV (Gomes-Casseres, 1987). *Among the sampled studies, only Mata and Portugal (2000) identified that having a majority IJV enhances the chance of an MNE deploying the sell-off TM option.* However, Mata and Portugal did not consider the acquisition form of TM, which could alter the results. The situation reconfirms the necessity of including all determinants (i.e., sold off, liquidated, and acquired) in the sample of terminated IJVs.

Prior studies also actively investigated other parent-firm factors, that is, *parent-firm size* (8 studies), *business relatedness* (7 studies), *establishment mode (5 studies),* and *acquisition of partner knowledge* (4 studies). MNEs – affiliate relatedness is usually determined based on the SIC codes (e.g., Hennart et al., 1999). *Related IJVs* were associated with the simplicity of integrating corporate processes into IJV operations (Konara et al., 2020) and, consequently, improved the chances of the acquisition TM choice (Reuer, 2002). It should be mentioned that Konara et al. (2020) found a correlation between related IJVs and all three TMs. However, the authors compared sell-off, liquidation, and acquisition TMs with survival of IJVs which impacted the results. These findings reconfirm the need to analyze TM choice of IJVs on the comprehensive sample of terminated IJVs rather than comparing them with survival.

Additionally, *unrelated IJVs* were reported to influence the sell-off and the liquidation TM options (Reuer, 2002) because of the challenges arising from MNEs entering new sectors lacking information (Hennart et al., 1998). Unrelated IJVs jeopardize units' divestment if MNEs generate higher profits than expected (Cui & Kumar, 2012). Therefore, the general impression is that parent-firm try to convert related IJVs to WOSs and to divest (sell-off or liquidate) unrelated IJVs.

The results on the *acquisition of partner knowledge* determinant are more ambiguous. Prior studies accentuated MNEs' operational knowledge gap at the first stages of IJV life cycles (Reuer, 1998). However, in the course of IJV operations, foreign firms are expected to acquire their partners' knowledge which obviates the necessity to retain the local partner (Meschi et al., 2017) and, consequently, MNEs tend to acquire such affiliates (Puck et al., 2009). Additionally, Steensma et al. (2008) highlighted the interactive effect of high level of conflicts between partners, which interface with the acquisition of partner knowledge determinant and increase the chances of IJVs' sell-offs. On the contrary, once MNEs have acquired partners' knowledge, they tend to sell off the IJV and transfer the acquired knowledge back to the HMC (Hennart et al., 1999). It should be mentioned that the inability of foreign firms to possess partners' knowledge and how it affects the choice of TM for IJVs lies outside the scope of the sampled articles, which could provide an interesting avenue for future research.

Additionally, past studies have analyzed the influence of *IJVs' mode of establishment* on subsequent TM choices and classified two main establishment modes: greenfield and acquisition. The greenfield establishment mode involves creating the unit from scratch and is usually associated with the MNE involved having committed a large volume of assets (Delios & Beamish, 2001). The analyzed studies reported the impact of *greenfield IJVs* on the liquidation (Mata & Portugal,

2000, 2015) and acquisition (Steensma et al., 2008) TM choice. On the other hand, *acquired IJVs* are inherent to the high propensity for the sell-off TM option (Hennart et al., 1998; Song, 2014) owing to the ease of repackaging the asset for onward sale (Chang & Singh, 1999). Among the sampled studies, only Mata and Portugal (2015) identified that IJVs established by acquisition intensify the probability of an MNE deploying the acquisition TM option. However, the analysis indicates that the results on the effect of the IJV establishment mode determinant are unambiguous: a greenfield-origin IJV tends to be liquidated, and an acquired IJV tends to trigger the sell-off TM option.

Furthermore, some articles reported *big parent-firm size* affecting sell-off (Hennart et al., 1998; Ogasavara & Hoshino, 2008) or liquidation (Dan & Zondag, 2016) TM choices. Dhanaraj and Beamish (2004, 2009) explain such influence by the MNEs having greater leeway in transferring their resources and units. It also should be mentioned that only Mata and Portugal (2000), and Belderbos and Zou (2009) researched the role of *small parent-firm sizes* in TM choice decisions and found an impact on liquidation TMs for IJVs.

Table 5.   Parent firm determinants of IJV termination mode choice.

Determinant	Measurement	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27
Acquisition of partner knowledge						S/L				S/A					S			A										
Business relatedness	Related													A														S/L/A
	Unrelated								S	S/L				S		S/L						S/L	L					
Contribution of technologies					A														S/L									
Establishment mode	Greenfield												L			A									L			
	Acquisition								S				S			S								S	A			
Ownership position (foreign MNE side)	Minority	S											L	S	S/L	S		L	S/L					S			S	
	Equal						L								A													S/L
	Majority	A	A		A								S		A									A		A		A
Parent firm HSC experience														S/L													A	
Parent firm size	Big								S				S	S/L	S			S/L						S/L				
	Small												L			L												

S- Sell-off; L – Liquidation; A – Acquisition; S/L – Sell-off and Liquidation; S/A – Sell-off and Acquisition.

Articles focusing on all three TMs in bold and only on the acquisition TM in italic font.

1- Gomes-Casseres (1987); 2- Bleeke & Ernst (1991); 3-Blodgett (1991); 4- Park and Russo (1996); 5-Olk and Young (1997); 6-Park and Ungson (1997); 7- Hennart et al. (1998); 8-Reuer (1998); 9-Hennart et al. (1999); 10-Mata and Portugal (2000); 11- Hennart and Zeng (2002); 12-Reuer (2002); 13-Dhanaraj and Beamish (2004); 14-Ogasavara and Hoshino (2008); 15-Steensma et al. (2008); 16-Belderbos and Zou (2009); 17-Dhanaraj and Beamish (2009); 18-Puck et al. (2009); 19 – Polidoro et al. (2011); 20-Cui and Kumar (2012); 21-Dai et al. (2013); 22-Song (2014); 23-Mata and Portugal (2015); 24-Dan & Zondag (2016); 25-Rittippant and Rasheed (2016); 26- Meschi et al. (2017); 27-Konara et al. (2020).

Research on other determinants is limited. For example, a parent firm's *high contribution of technologies* usually determines the significance of the unit in MNE's corporate structure. However, a large majority investment by only one party to an IJV reduces the need for the partnership, increasing the probability of the acquisition TM choice being actioned (Blodgett, 1991; Cui & Kumar, 2012).

Further, the results on the impact of the *MNEs' big HSC experience* are ambiguous. The current body of knowledge reported that owing to the enhanced flexibility and leeway in HSCs experience MNEs tend to sell-off and liquidate (Dhanaraj & Beamish, 2004, 2009) or acquire (Meschi et al., 2017) their IJVs. Table 5 presents information on the identified parent-firm factors and their influence on the choice of TM for IJVs.

Host-country factors

The analysis of HSC factors has yielded just three suitable determinants. Among them, only *economic growth in the target country* was studied relatively scarcely. Prior research suggests that growing markets offer better opportunities for foreign firms and motivate them to convert IJVs to WOSs (Rittippant & Rasheed, 2016). In the same vein, Kogut (1991) associated management decisions to acquire foreign affiliates with the market signal, particularly with the unexpected HSC market growth, as doing so grew profits.

Previous studies have commonly researched *external uncertainty* in the HSC (six articles in the sample). First, *uncertainty in the host country* was reported to impact the sell-off and the acquisition TMs' choices. The conversion of an IJV to a WOS is more likely in an HSC with low overall uncertainty. That is because the economic environment improves forecasting in such countries (Folta & Miller, 2002). Overall uncertainty increases transaction and sunk costs associated with an IJV, intensifying the chance of a liquidation or sell-off TM choice (Dai et al., 2013).

Furthermore, most sampled studies reported that environmental uncertainty drives IJV acquisitions (Konara et al., 2020; Nyuur & Debrah, 2014; Puck et al., 2009). However, none focused on the developed markets, which could affect the interpretation of the results. Among the analyzed articles, only Cui and Kumar (2012) found that an increase in environmental uncertainty enhances the chances of an IJV sell-off or liquidation.

The most intensively studied HSC factor was *national cultural distance* (in eight studies). The majority of the articles used Hofstede's cultural dimensions (HCD) to measure differences between countries (e.g., Hennart & Zeng, 2002; Meschi et

al., 2017), and one study employed the GLOBE framework (Dhir & Sushil, 2017). It should also be mentioned that only Konara et al. (2020) focused on the impact of cultural distance (CD) on the acquisition TM choice.

Past studies also commonly used various methods to investigate how CD impacts the choice of TM for IJVs. The HCD and GLOBE scales were combined with the Kogut and Singh Index (KSI). Interestingly, except for Meschi et al. (2017), all those studies reported the impact of broad CD on the sell-off (Reuer, 2002) and liquidation (Barkema & Vermeulen, 1997) TM choices. Additionally, Konara et al. (2020) adapted the Euclidean method and found that broad CD influenced the likelihood of IJV acquisition TM choice. However, the article focused on the Chinese market, which could skew the results. Furthermore, all the studies mentioned above accentuated the particular consequences of broad national CD, including, among others, opportunism perception (Reuer, 2002), misunderstanding between partners (Park & Ungson, 1997), and linguistic differences (Ito, 2009). The information on HSC factors in the choice of TM for IJVs is presented in Table 6.

Table 6.　　　　Host-country determinants of IJVs' TM choice.

Determinant	*Measurement*	Article number													
		1	2	*3*	4	5	6	*7*	**8**	*9*	**10**	**11**	12	**13**	**14**
Economic growth in host countries		A										A		S/L	
External uncertainty	*Environmental*						A		S/L		A				A
	Overall			A					L						
National cultural distance	*HCD*				S										A
	HCD + KSI		S/L			S	S/L							A	
	GLOBE + KSI												S/L		

S- Sell-off; L – Liquidation; A – Acquisition; S/L – Sell-off and Liquidation; HCD – Hofstede Cultural Distance; KSI – Kogut and Singh Index. Articles focusing on all three TMs in bold and only on acquisition termination mode are in italic font.

1-Kogut (1991); 2-Barkema and Vermeulen (1997); 3-Folta and Miller (2002); 4-Hennart and Zeng (2002); 5-Reuer (2002); 6- Dhanaraj and Beamish (2004); 7-Puck et al. (2009); 8-Cui and Kumar (2012); 9-Dai et al. (2013); 10-Nyuur and Debrah (2014); 11-Rittippant and Rasheed (2016); 12-Dhir and Sushil (2017); 13-Meschi et al. (2017); 14-Konara et al. (2020).

3.4 Conclusion

This chapter reviews 40 articles investigating the determinants of the choice of TM for IJVs. Termination of IJVs can be executed in two ways: increasing or decreasing MNE equity in the unit (i.e., the acquisition and sell-off or liquidation TMs, respectively). Although, for the past 35 years, the determinants have received some attention in the IB literature, the general perception is that the phenomenon is under-researched. Given the extensive use of IJVs (and ISAs in general) in MNE corporate structures and the high termination rate of foreign affiliates (Ott et al., 2019; Parameswar & Dhir, 2019), the limited research volume is surprising.

In the sampled studies, TMs were also studied unevenly. As Table 2 depicts, the majority of research addresses the impact of the determinants on two TMs (20 articles), while research on a particular TM was relatively scarce (four articles). Moreover, 16 of the analyzed studies analyzed all three TMs. Table 2 indicates articles focused on all three TMs (in bold) and only on one TM (in italics). It should also be mentioned that eight studies investigating two TMs do not differentiate between the sell-off and liquidation TMs for IJVs (Dan & Zondag, 2016; Soule et al., 2014). This echoes the view of Schmid and Morschett (2020) that many articles do not investigate sell-off and liquidation separately, which affects the results.

This chapter provides a comprehensive classification of 21 determinants of the choice of TM for IJVs on four levels: IJV, host-country, inter-partner, and parent-firm factors (Figure 6). Past studies have rarely focused on investigating the determinants from two or more groups (e.g., Reuer, 2002); therefore, the holistic identification of the determinants has not yet occurred. The majority of the factors in the sample belong to the parent firm (33%) or IJV (34%) levels (Figure 6). The general perception is that the prior investigations mainly focused on the factors related to endogenous risk (i.e., the one associated with MNEs' decisions) (86% of the sampled articles). While only HSC-level factors could be considered *"…the general environmental risk corresponding to uncertainties that affect the business context across all industries in a designated country"* (Cavusgil & Deligonul, 2012: 132-133) (i.e., exogenous risk determinants) and were studied relatively rarely (in 14% of the sampled articles). The lack of interest is surprising because HSC-level factors include several important determinants which could jeopardize the continuation of partnerships.
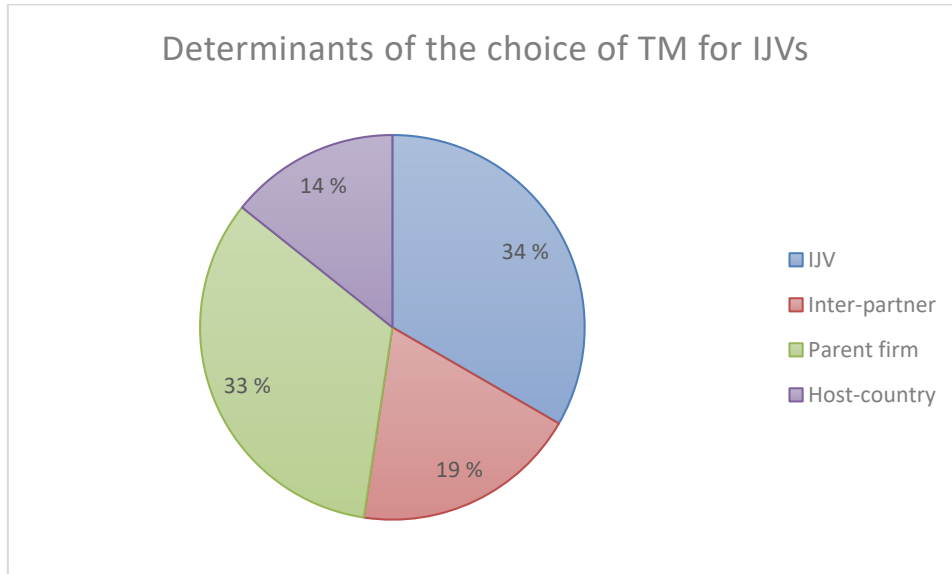
Figure 6. Determinants of the choice of TM for IJVs (allocation by level factors).

Moreover, this chapter provides new insights into the precise interest of past studies in the particular determinants of the choice of TM for IJVs. The sampled articles focused the most obviously on two determinants: ownership position (14 articles) and parent firm size (8 articles). However, it is important to acknowledge that among the identified determinants, eight were analyzed in two articles and six in three or four. Accordingly, only one third of the determinant factors were found in five and more of the sampled articles. These determinants are presented in Appendix 2.

4 HYPOTHESES AND RESEARCH MODEL OF THE STUDY

This chapter develops the research framework based on the chosen theoretical rationales. The chapter begins by detailing the conceptualization of the choice of TM for IJVs. The IJV TMs included in the analysis are sell-off, liquidation, and acquisition. After that, the hypotheses are developed regarding the influence of IJV formation motives and level factors (i.e., IJV, HSC, parent-firm, and inter-partner) on the choice of TM for IJVs. The next sub-section starts with developing the arguments leading to hypotheses on the impact of IJV TMs on parent-firm VC. The next segment discusses the potential moderating effect of HSC-level factors (i.e., HSC market size, HSC uncertainty, and national CD) on the impact of IJV TMs on parent-firm VC. The chapter ends with the presentation of the combined research model of the dissertation.

4.1 Determinants of International Joint Venture TM Choice

4.1.1 Conceptualization of International Joint Venture TM Choice

The Liquidation TM

Rapidly moving trends require MNEs to conduct various divestment activities to avoid being left behind in the competitive race. One possible option is to close unprofitable subsidiaries (i.e., the liquidation TM choice) (Bichescu & Raturi, 2015). The liquidation TM can simplify organization planning, maximize MNE profitability, and reduce costs (Ushijima & Iriyama, 2015).

Past IB studies report contradictory findings on IJV *liquidations*. For example, Polidoro, Ahuja, and Mitchell (2011) stressed that the choice of this TM indicates the failure of MNE investment activities since companies usually try to keep profitable affiliates (see also Konara & Ganotakis, 2020). Liquidations reveal the full financial incapacity of foreign units. Additionally, the choice of the liquidation TM often signals cooperation issues between partners which, in turn, is also viewed as a failure (Kogut, 1988; Steensma et al., 2008).

In contrast, Cui and colleagues (2011) argued that the liquidation of IJVs is associated with strategic changes in parent-firm corporate structures but not necessarily with failure. Polidoro et al. (2011) surmised that an IJV might be liquidated to meet the requirements of anti-monopoly regulations. The liquidation TM was also associated with an MNE deeming the IJV had met its goals, making

further cooperation unnecessary (Makino et al., 2007). Interestingly, the liquidation TM increases profits and minimizes costs temporarily, but in the long term, adversely affects MNE profitability (Bichescu & Raturi, 2015; Ushijima & Iriyama, 2015).

The sell-off TM

The sell-off TM involves selling the MNE stake to IJV partners or a third party (Reuer, 1998, 2002). Previous research offers different conceptualizations of the sell-off TM as it relates to IJVs. The sell-off TM has been considered an attempt to maximize the utilization of IJV assets (Kogut, 1991), a view reinforced by Meschi (2005), who found that an IJV sell-off provides a potential opportunity to reduce debts and improve MNE performance. Further, managers can decide when subsidiaries will be terminated (Berry, 2013), and choosing the right moment for a sell-off can significantly increase value for an MNE (Xie et al., 2016).

Nevertheless, the sell-off TM can be a standalone means of unit termination. Ushijima and Iriyama (2015:84-85) defined it as *"… the firm's sole operating unit in a 2-digit industry."* They reported salient differences between standalone affiliates and parent-firm (e.g., products, resources, and networks), resulting in the preferences of the sell-off TM choice. Additionally, inter-partner characteristics frequently cause an IJV sell-off (e.g., Polidoro et al., 2011; Steensma et al., 2008). For example, IJVs involving more than two partners were associated with high coordination costs and the probability of conflict, enhancing the chances of the sell-off TM choice (Hennart & Zeng, 2002).

The acquisition TM

The acquisition TM is the process of buying out the equity of former partners and, thus, converting an IJV to a WOS (Reuer, 2002). The choice of this form of TM is encouraged by several determinants and often identifies that the IJV is successful. During the operation, partners acquire a certain knowledge from each other that eliminates the need for partners and, thereby, influences the choice of the acquisition TM (Puck et al., 2009). The decision to acquire units is particularly fueled by a local partner being involved in inappropriate inter-firm activities (i.e., opportunism and conflicts) (Steensma et al., 2008).

Further, the complexity of reaching an agreement on purchasing additional IJV equity was reported to decrease the chances of implementing the acquisition TM choice. The issue is especially inherent to multi-partner IJVs (Park & Russo, 1996). Moreover, the acquisition TM is seen as a conversion from a hybrid form of organization to establish an internal unit of the MNE to permit the latter to obtain

full control over its affiliates (Reuer, 2001). Accordingly, the acquisition TM should enhance the profitability of MNEs.

4.1.2   IJV formation motives

Resource-seeking IJVs

A major reason MNEs establish resource-seeking subsidiaries is *"to acquire particular and specific resources of a higher quality at a lower real cost than could be obtained in their home country"* (Dunning & Lundan 2007:69). A resource-seeking IJV can provide access to a network of suppliers, cheaper labor, and natural resources (Makino et al., 2007; Parameswar et al., 2018). However, it is the opportunity to minimize production costs that is pivotal to choosing a resource-seeking IJV. That is because foreign firms can access complementary competitive advantages in HSCs (Randøy & Dibrell, 2002). Therefore, MNEs tend to establish resource-seeking IJVs in vast and resource-rich markets providing cheap access to tangible and intangible resources (Dadzie et al., 2018).

However, the connection between resource-seeking IJVs and IJV TMs has scarcely been examined. Makino et al. (2007) studied how resource-seeking affiliates influence IJVs' longevity and form of termination (i.e., intended and unintended). They revealed the endogenous origin of resource-seeking IJVs' termination and stressed the greater longevity of such subsidiaries and, consequently, the higher propensity of unintended termination. It should also be mentioned that no research has yet analyzed the direct influence of resource-seeking establishment motive on IJVs' TM choice.

Regarding IJVs' TM choice, it seems that the formation of units motivated by resource-seeking influences the preference for the liquidation TM rather than a sell-off or acquisition option. Following TCT argumentation, Makino et al. (2007: 1118) stressed that foreign firms aim to access cheap natural resources and labor via IJVs, which are considered comparative HSC advantages and *"available to— and can readily be accessed by—any investing firms, including foreign firms, as long as they are operative in the host country."* Consequently, MNEs would be less dependent on the local partner due to the simplicity of finding other suppliers for tangible and intangible resources resulting in the increased probability of the liquidation TM choice.

In contrast, MNEs may opt to convert their IJVs to WOSs as finding other resource suppliers can be less cost-efficient than acquiring IJVs. However, resource-seeking IJVs are prone to unintended termination (Makino et al., 2007). In other words,

there is a greater chance that MNEs face additional endogenous challenges, which, in turn, would require monitoring partners' actions and, as a result, increase transaction costs. Therefore, the acquisition of such units seems very unlikely.

Additionally, IJV sell-offs may not be the most suitable option for resource-seeking units. Perhaps foreign firms would not be willing to sell affiliates to former partners due to concerns about the creation of possible competitors. Further, in line with the RBV, resources utilized for IJVs' operations can be redeployed to parent-firm and, thus, help MNEs to avoid being left behind in the competitive race. Consequently, when choosing a TM for a resource-seeking IJV, foreign firms prefer liquidation over acquisition and sell-off. This leads to the following hypothesis:

Hypothesis 1 (H1): Foreign firms prefer liquidation over the acquisition and sell-off TMs for resource-seeking IJVs.

Market-seeking IJVs

Foreign firms choose market-seeking IJVs mainly to *"sustain or protect existing markets or to exploit or promote new markets"* (Dunning & Lundan, 2007:70). The pivotal role of market-seeking IJVs is to enable MNEs to learn about the target country from the partners (Pananond, 2015). Past IB studies have suggested that market size, market growth, and per capita income enhance the chances of foreign firms establishing market-seeking units owing to the possibility of exploiting parent-firm advantages (Dadzie et al., 2018). Therefore, parent-firm usually invest in IJVs in *"...which the entrant provides a unique product or technological skills and the local parent firm offers market access"* (Reuer, 1998:165). Market-seeking IJVs were associated with longevity and greater chances of unintended termination (Makino et al., 2007). However, whereas studies show that such IJVs influence the divestment and survival of international affiliates (e.g., Dai et al., 2013; Pattnaik & Lee, 2014), there has been far less consideration of the direct impact of a market-seeking form of IJV on the TM choice for an IJV.

Concerning the particular TM choice, TCT argues that MNEs choose acquisition rather than sell-off or liquidation for market-seeking IJVs because the acquisition option has several advantages. Blodgett (1991) proposes that foreign partners providing technologies to IJVs tend to convert the unit to a WOS once they possess enough market knowledge to operate alone. This approach echoes Lu and Hébert's (2005) view that local knowledge and experience dilute the need for more active monitoring and control of a local partner, thus reducing transaction costs.

Further, foreign firms try to prevent knowledge spillovers to avoid creating direct competitors in the target market (Mata & Guimaraes, 2019), and thus, the sell-off TM option would not be a priority. Similarly, it seems unlikely that foreign firms prefer the liquidation of market-seeking IJVs owing to the technological resources invested during the lifetime of the IJV and the option to relocate such resources to other parent-firm business lines. Consequently, MNEs would prefer to acquire market-seeking IJVs. Based on the above discussion, the author expects that:

H2: Foreign firms prefer acquisition over the liquidation and sell-off TMs for market-seeking IJVs.

Efficiency-seeking IJVs

Efficiency-seeking IJVs are established to access HSC financial resources (Makino et al., 2007) and achieve economies of scale and scope (Dunning, 1993; Dunning & Lundan, 2007:72). Several scholars stress the significance of the efficiency-seeking establishment motive. Dadzie et al. (2018) reported that efficiency-seeking FDI establishment motives facilitate the choice of IJVs owing to the high uncertainty in Ghana. On the other hand, Tahir and Larimo (2006) found that, in the case of efficiency-seeking FDIs, favorable exogenous factors (i.e., low CD, large HSC market, and high economic welfare level) increase the chances of Finnish MNEs forming WOSs.

However, the impact of the efficiency-seeking formation motive on the choice of TM for IJVs has scarcely been studied. It appears that only Duanmu and Lawton (2021) focused on the role of efficiency-seeking subsidiaries in the IJV termination process, but their main aim was to analyze post-termination effects rather than the determinants of IJVs' termination. Concerning IJVs' TM choice, efficiency-seeking formation motives are expected to intensify the probability of MNEs selecting the acquisition TM rather than sell-off or liquidation.

Transaction cost theory suggests MNEs often establish IJVs to access target countries' tangible and intangible assets (e.g., cheap labor and natural resources), usually provided by local partners (Nyuur & Debrah, 2014). However, over time MNEs possess knowledge about HSCs' markets and, hence, have an opportunity to access the assets solely, eliminating the need to share profits with the partner. Additionally, this argument aligns with the ROV prediction that foreign partners tend to exercise the explicit call option and, thus, convert an IJV to a WOS once they have acquired sufficient knowledge of the local market (Reuer & Tong, 2005).

Efficiency-seeking IJVs are also associated with a high interdependence with MNEs due to the parent firm's attempts to enhance their financial activity via

international subsidiaries (Dunning, 1993). Duanmu and Lawton (2021) reported that efficiency-seeking is pivotal to parent firms' global production networks. Such activity demands considerable resources and knowledge transfer from an MNE, and, as a result, the acquisition TM choice becomes highly likely. The above discussion suggests MNEs prefer acquisition rather than liquidation or sell-off in the choice of IJV TM. Consequently, the author expects that:

H3: Foreign firms prefer acquisition over sell-off and the liquidation TM in efficiency-seeking IJVs.

Strategic asset-seeking IJVs

Foreign firms form strategic seeking units "*to augment the acquiring firm's global portfolio of physical assets and human competences, which they (investors) perceive will either sustain or strengthen their ownership-specific advantages or weaken those of their competitors*" (Dunning & Lundan, 2007:73). According to Makino et al. (2007), strategic asset seeking IJVs are associated with reduced longevity and higher chances of intended termination as the necessity of their operation vanishes once the strategically important assets are acquired.

However, although a few articles investigate the consequences of strategic asset-seeking IJVs' termination (Duanmu & Lawton, 2021; Parameswar et al., 2018), the direct influence of this formation motive on the choice of TM for an IJV is still relatively scarce. Strategic asset-seeking IJVs are expected to be acquired by foreign firms rather than be sold off or liquidated.

Prior studies based on the ROV and RBV arguments considered strategic asset-seeking subsidiaries a significant predictor of TM choice. However, in contrast to market-, efficiency-, and resource-seeking subsidiaries, strategic asset-seeking ones are more closely associated with MNEs' conducting exploration rather than exploitation initiatives (Panibratov & Brown, 2018). Hence, Duanmu and Lawton (2021) refer to the RBV and argue that acquisitions of strategic asset-seeking IJVs are driven by the augmentation or defense of MNEs' competitive advantage. This view also echoes the ROV's arguments that foreign firms are apt to convert their IJVs to WOSs once they discern a greater opportunity (derived from, e.g., access to knowledge or assets) to take full possession of the units (Cuypers & Martin, 2007). Consequently, the author expects foreign firms to acquire strategic asset-seeking IJVs once they possess significant knowledge. Therefore, it is hypothesized that:

H4: Foreign firms prefer acquisition over the liquidation and sell-off TMs for
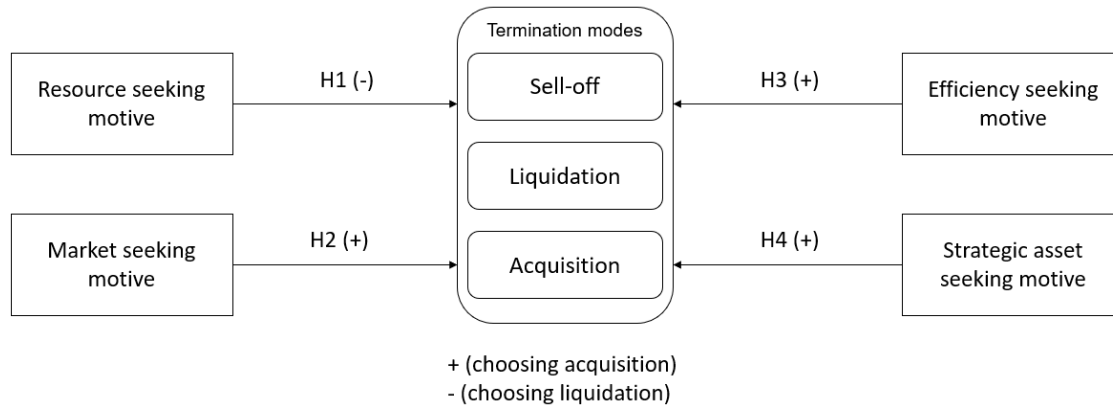
Figure 7. Research model for the influence of IJV formation motive on the choice of TM for an IJV.

The research model on IJVs' formation motives is presented in Figure 7. The model links formation motives (i.e., resource-seeking, market-seeking, strategic asset-seeking, and efficiency-seeking motives) with the TM of an IJV.

4.1.3 Parent-firm-level factors

Business relatedness

Business relatedness refers to the differences between MNEs' and IJVs' core business activities (Ogasavara & Hoshino, 2008). Past IB studies have determined that business relatedness is an important determinant in the choice of TM for an IJV (Cui & Kumar, 2012; Reuer, 1998).

The logic of the RBV has been used in investigating the determinant. Alcantara and Hoshino (2012) reported a relationship between unrelated IJVs and the sell-off and liquidation TMs and asserted that the connection arose because of MNEs' limited ability to provide financial and managerial support to diversified units. Similarly, unrelated IJVs were found to be likely to be divested by MNEs owing to the complexity of managing units operating in different business sectors than the parent firm, especially due to issues such as information gaps (Hennart et al., 1998; Schmid & Morschett, 2020). Additionally, unrelated IJVs are at risk due to unfamiliar market conditions, products, and technologies (Li, 1995). There is also commonly a high degree of independence between the parent firm and subsidiaries (Chang & Singh, 1999; Reuer, 2002; Silva & Moreira, 2019), making it difficult to transfer significant resources. Dussauge and Garrette (1997) found

that diversified IJVs influence the liquidation TM choice owing to affiliates' limited role and impact in long term parent-firm strategy.

Nevertheless, related IJVs intensify the probability of IJV acquisitions (Bleeke & Ernst, 1991). Following RBV logic, parent-фирмы have more opportunities to invest the necessary tangible and intangible assets in their IJVs. Therefore, the acquisition TM choice would be preferable as foreign firms could retain specialized resources while strengthening their positions in HSC markets (Duanmu & Lawton, 2021; Reuer, 2002). Furthermore, related IJVs were associated with small transaction costs (Villalonga & Mcgahan, 2005) but were inherent to high opportunism from the partners' side (Reuer & Tong, 2005). Foreign firms acquire related IJVs to avoid technology leakage and reduce the monitoring and control activity typically associated with IJVs (Isidor et al., 2015). This leads to the following hypothesis:

H5a: With related IJVs, foreign firms prefer the acquisition TM over the sell-off and liquidation forms.

H5b: In unrelated IJVs, foreign firms prefer the sell-off and liquidation TMs over the acquisition form.

Establishment mode

Prior literature identified two major IJV establishment modes: greenfield and acquisition (e.g., Chang & Singh, 1999). The acquisition establishment mode determines the purchase of an ongoing company with a number of competitive assets (Larimo, 2007). Transaction cost theory arguments have been applied to investigate the mode of establishment of IJVs. For example, it has been argued that MNEs establishing subsidiaries via acquisition can struggle to integrate those units into parent-firm corporate systems (Li, 1995). Integration issues increase the cost of transactions.

Moreover, acquired subsidiaries are found to be more separate from the parent firm than the internally developed units (Hennart et al., 1998), and consequently, MNEs' managers are less emotionally attached to them (Pattnaik & Lee, 2014; Steensma et al., 2008). Mata and Portugal (2000, 2015) reported that acquired units are prone to low owner specificity and found that MNEs attempt to resell them. Furthermore, acquiring the equity of a going concern causes conflicts among the partners and encourages MNEs to sell off such IJVs. These findings also align with those of Chang and Singh (1999), who reported that acquired IJVs are relatively easy to repackage for onward sale compared to internally developed affiliates.

In contrast, MNEs establishing greenfield IJVs develop affiliates from scratch and invest more parent firm-related technologies and resources, which makes a sell-off less clear-cut (Larimo, 2007; Mata & Portugal, 2000). It should also be noted that managers may have a high emotional attachment to IJVs developed from scratch, which generates barriers to the divestment (but not acquisition) of such units (Benito, 1997; Mata & Freitas, 2012). Additionally, greenfield IJVs are associated with a high degree of parent-firm-specific resources investment (Delios & Beamish, 2001), which creates fertile ground for potential opportunism on the part of the local partners and, as a result, increases transaction costs (including monitoring and control). The above discussion leads the author to expect MNEs to acquire IJVs established via greenfield initiatives and to sell off or liquidate IJVs established via acquisition. This leads to the following hypotheses:

H6a: Foreign firms prefer the acquisition over the liquidation and sell-off TMs for greenfield IJVs.

H6b: Foreign firms prefer the sell-off over the liquidation and acquisition TMs for partially acquired IJVs.

Ownership Position

The initial ownership position encompasses the differences between partners in the distribution of the IJV's equity (Blodgett, 1991). The forms of ownership of IJVs are usually classified as minor IJVs, equal IJVs, and major IJVs (Belderbos & Zou, 2009; Iriyama & Madhavan, 2014; Larimo et al., 2016; Meschi et al., 2017). In a majority IJV, a foreign parent firm partner holds more than 50% of the IJV's equity (Park & Russo, 1996), and this ownership type is typically associated with high survival rates (Silva & Moreira, 2019) or with the acquisition TM choice due to the high level of commitment (Blodgett, 1991) and control over the subsidiaries (Gomes-Casseres, 1987).

However, majority IJVs are also associated with a high level of opportunism and conflicts between partners (Mata & Portugal, 2015; Park & Russo, 1996), which, in turn, increases the costs of transactions due to the necessity to monitor partners' behavior. Further, majority IJVs tend to be associated with high levels of control, large volumes of parent-firm-related resources, and some management advantages over subsidiaries (Meschi et al., 2017; Reuer, 2002). The discussion above suggests that MNEs would prefer to acquire their majority IJVs.

In equal IJVs, two partners possess 50% of the affiliate (e.g., Meschi et al., 2017). Although equal-IJVs have been reported to deliver strong performance (Bener & Glaister, 2010), they are still apt to be plagued by high complexity and difficult

managerial and coordination issues (Reuer, 2002). The issues reduce the value of such IJVs and escalate transaction costs (Steensma et al., 2008). Additionally, costs increase owing to the necessary broad communication between partners in decision-making processes (Park & Ungson, 1997). Further, Dhanaraj and Beamish (2004) identified the necessity for the partners in equal IJVs to maintain a high level of involvement, while Konara et al. (2020) reported on the high termination levels among equal IJVs. Previous IB studies accentuated that, compared to majority IJVs or minority IJVs, the managerial complexity of equal IJVs is higher since partners have to spend more time and resources on communication, collaboration, and consultation on all of the IJV-related issues (Piaskowska et al., 2019). This complexity would increase the costs of transactions and intensify the probability that an MNE would choose to liquidate such affiliates (Park & Russo, 1996).

Parent firms involved in minority IJVs possess less than 50% of the subsidiary (Dhanaraj & Beamish, 2004). This type of IJV tends to have only a minor role in the MNE's international strategies (Larimo et al., 2016) and is also associated with extremely high termination rates (Belderbos & Zou, 2009; Dhanaraj & Beamish, 2009). Further, minority IJVs are marked by the limited involvement of foreign partners in the decision-making process (Folta & Miller, 2002) and do not play a pivotal role in the MNE structure (Mata & Portugal, 2015). Additionally, the current body of knowledge reports a high level of opportunistic behavior of foreign partners with minor ownership stakes in such IJVs (Hennart & Zeng, 2005), indicating an inability to operate autonomously in a target market (Mata & Portugal, 2015). Empirically, several studies such as Gomes-Casseres (1987), Ogasavara and Hoshino (2008), Reuer (2002), and Sim and Ali (2000) argue that minority IJVs increase the probability of the sell-off option for a TM. This leads to the following hypotheses:

H7a: Foreign firms prefer the sell-off over the acquisition and liquidation TMs when they have a minority ownership position in an IJV.

H7b: Foreign firms prefer the liquidation over the sell-off and acquisition TMs when they have an equal ownership position in an IJV.

H7c: Foreign firms prefer the acquisition over the sell-off and liquidation TMs when they hold the majority ownership position in an IJV.

Perceived Cultural Distance

National cultural distance was identified as the difference between HMC and HSC human values affecting the attitude and behaviors of individuals (Puck et al.,

2009). Prior investigations have reported the impact of cultural distance (CD) on IJVs' termination (Dhir & Sushil, 2017; Konara et al., 2020; Meschi et al., 2017). Culturally distant partners are apt to suffer from certain difficulties, including linguistic differences (Ito, 2009), opportunism perception (Reuer, 2002), trust identification (Sim & Ali, 2000), and misunderstanding (Park & Ungson, 1997). Those issues increase communication and transaction costs (e.g., Larimo et al., 2016; Pattnaik & Lee, 2014). Therefore, a high CD increases the possibility of the sell-off (Reuer, 2002; Meschi et al., 2017) and liquidation (Makino et al., 2007) TMs being chosen for such IJVs.

However, past IB studies have mainly ignored the learning aspect of IJVs in the context of the CD. In other words, a foreign partner may gain the necessary knowledge about HSC culture and customs and thus mitigate the CD. This view aligns with TCT arguments explaining the original choice of IJVs over WOSs because foreign partners are unfamiliar with the host market. In that case, foreign MNEs require a local partner in an HSC since a CD is high at the beginning of the operation. However, once the necessary knowledge is obtained, the costs of transactions related to IJVs outweigh those associated with the operation of a WOS. The conversion of an IJV into a WOS is more likely due to the decreased transaction costs between the subsidiary and HSC parties (i.e., suppliers, buyers, and government) (Puck et al., 2009). This leads to the following hypothesis:

H8: Foreign firms prefer the acquisition over the liquidation and sell-off TMs for IJVs where perceived cultural distance has decreased.
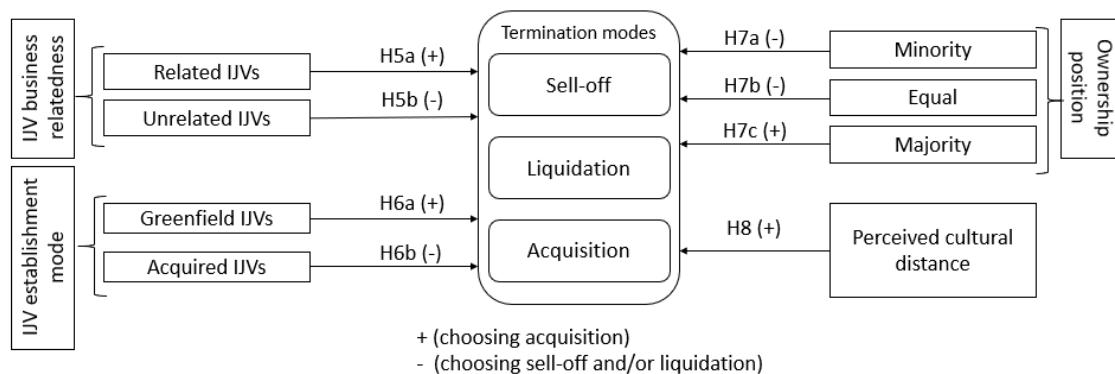
Figure 8. Research model for the influence of IJV formation motives on the choice of TM for an IJV.

The research model of parent-firm-level factors is presented in Figure 8. The model links parent-firm-level factors (i.e., business relatedness, establishment mode, ownership position, and perceived CD) with IJVs' TMs.

4.1.4 IJV-level factors

IJV age

The IJV group explains the endogenous determinants related to foreign subsidiaries and their operation in target markets (Bichescu & Raturi, 2015). The IJV age determinant is seen as the number of years that an IJV had operated in the HSC (Meschi et al., 2017). This determinant is significant to the termination decision for IJV. However, the existing body of knowledge reports contradicting views on the role of IJV age in IJV termination choices.

Prior IB studies report that MNEs invest considerable parent-firm-related resources in IJVs over time (Dhanaraj & Beamish, 2004; Steensma et al., 2008). For example, Konara et al. (2020) argued that MNEs establish IJVs in the target countries to test the market before making bigger investments. Further, Deng (2009) and Lu et al. (2011) see IJVs as springboards that allow MNEs access to tangible and intangible resources. This view echoes the TCT assumption that during the lifetime of an IJV, MNEs possess the necessary knowledge about local markets (Inkpen & Beamish, 1997), which allows foreign firms to convert IJVs to WOSs and, thus, to continue autonomously. As such, the longer MNEs operate in target markets, the less the need for foreign partners. Similarly, Mata and Portugal (2015) suggest that MNEs form IJVs for resource exploitation motives and stay in the partnerships until a better opportunity arises. This view aligns with the ROV suggesting that managers decide on acquiring IJV stakes based on market signals for a better option (Iriyama & Madhavan, 2014).

However, when involved in young IJVs, foreign firms do not possess the necessary knowledge of the HSC market and environment (Park & Russo, 1996). Additionally, young IJVs do not offer many competitive advantages for their parent firms (Dussauge et al., 2000), as such advantages take time to accrue. However, such IJVs are relatively easy to repackage for further sale as MNEs did not have enough time to integrate foreign units into the corporate structure and invest significant volumes of firm-related assets (Chang & Singh, 1999). Based on the discussion above, the author expects working with mature IJVs to increase the probability of the liquidation TM choice and with young IJVs to heighten choosing the sell-off TM. This leads to the following hypothesis:

H9a: In mature IJVs, foreign firms prefer the acquisition TM over the sell-off and liquidation TMs.

H9b: In young IJVs, foreign firms prefer the sell-off TM over the acquisition and liquidation TMs.

IJV performance

The current body of knowledge proposes several conceptualizations of subsidiaries' performance. For example, articles employing primary data use parent-firm satisfaction levels (e.g., Larimo et al., 2016), while studies focused on the reaction of the stock market used returns on assets and sales (e.g., Duanmu & Lawton, 2021; Meschi et al., 2017) as well as cumulative abnormal (CAR) and abnormal returns (Meschi, 2005; Reuer, 2001). Alcantara and Hoshino (2012) also see IJVs' performance as a combination of the IJV's age and its affiliates' expansion and growth in the HSC. However, IJV TM has often been used as a proxy for IJV performance (versus survival) (e.g., Meschi & Riccio, 2008). Consequently, such articles could not test the influence of IJV performance on the TM choice for IJVs or even on IJV termination in general. It should also be mentioned that this approach has been criticized (Ren et al., 2009), but the influence of IJVs' performance on IJVs' TM choice has scarcely been analyzed.

Prior IB studies argue that IJV performance is pivotal to IJV termination (Coudounaris, 2017; Nyuur & Debrah, 2014). For example, high performance among international affiliates was reported to reduce the chance of MNEs selling off or liquidating their subsidiaries (Olk & Young, 1997). Further, the existing literature stresses the attractiveness of high-performing IJVs for the foreign parent firm (Schmid & Morschett, 2020) and, considering the perception of IJVs as springboards (e.g., Deng, 2009), it can be argued that MNEs would prefer to convert a high-performing IJV into a WOS.

Nevertheless, in line with the ROV, a poorly performing IJV offers fewer opportunities for the parent firm in the HSC (Iriyama & Madhavan, 2014). The diminished opportunity makes it less likely that an MNE would convert the IJV to a WOS. Additionally, poor IJV performance is associated with the inefficiency of affiliates (Silva & Moreira, 2019), which persuades MNEs to liquidate such units (Ushijima & Iriyama, 2015). Further, poorly performing units require significant investments to restore stability (Song, 2014a), and consequently, they will be less attractive to MNEs. Additionally, such subsidiaries require restructuring to return to the competitive race (Ushijima & Iriyama, 2015) and, as a result, are unsuitable for foreign and local partners. Therefore, in line with RBV logic, MNEs tend to liquidate poorly performing IJVs as it gives them opportunities for better use of resources (Wright & Ferris, 1997) and to cut cross-subsidization (Berger & Ofek, 1995). This leads to the following hypothesis:

H10a: In poor-performing IJVs, foreign firms prefer the liquidation TM over the sell-off or acquisition TMs.

H10b: In high-performing IJVs, foreign firms prefer the acquisition TM over the liquidation and sell-off TMs.
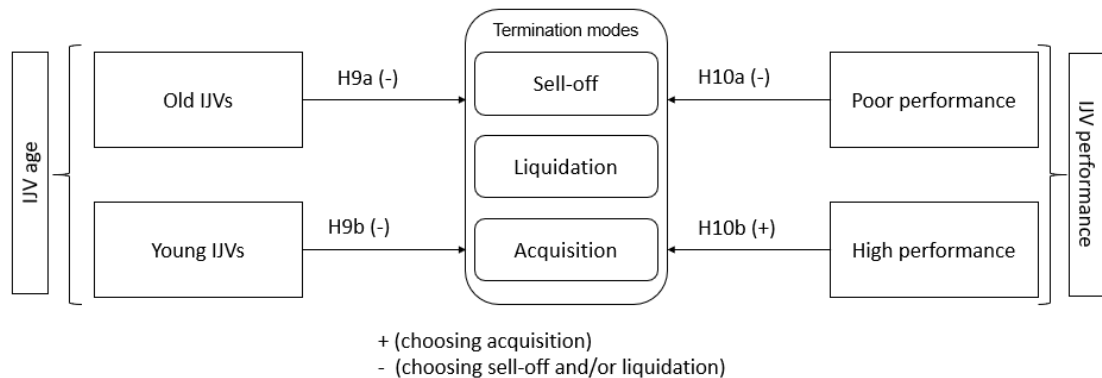
Figure 9. Research model for IJV-level factors' influence on the choice of TM for IJVs.

The research model of IJV-level factors is presented in Figure 9. The model links IJV-level factors (i.e., IJV age and IJV performance) with IJVs' TM.

4.1.5   Inter-partner level factors

Inter-partner conflicts

The difficulties raised during the work associated with cooperation and communication influenced IJVs' termination (Ariño & De La Torre, 1998). For example, disagreements inside IJVs are associated with the outbreak of conflicts. Ito (2009) argued that the competitive relationship between partners influences the appearance of conflicts. Additionally, conflicts were found to increase communication and transaction costs (Ito, 2009; Konara et al., 2020), and hence, MNEs do not benefit from participation in such partnerships.

Prior studies report mixed findings on the impact of conflicts on the choice of TM for IJVs. Conflicts are associated with a temporary imbalance between partners and, in line with TCT argumentation, increase the control costs from the side of the stronger partner (Hennart & Zeng, 2005). Therefore, the increased costs enhance the chances of the stronger partner *acquiring an IJV* (Ariño & De La Torre, 1998; Steensma et al., 2008). Conflicts also signal distrust (Park & Ungson, 1997) and confrontations (Pajunen & Fang, 2013) between partners, which jeopardize IJVs' operations and, as a result, increase the chances of *the liquidation TM* option being chosen. However, prior research reports that local IJV partners usually provide country-specific knowledge, which might encompass that on local buyers, business culture, government regulations, and supplier practices (Inkpen

& Beamish, 1997; Puck et al., 2009). Ideally, the foreign partners in IJVs would not be burdened with the above issues. If that is the case, an MNE is unlikely to wish to shoulder the burden alone, as would follow implementing the acquisition TM. Therefore, the author expects inter-partner conflicts to enhance the chances of the liquidation TM choice. This leads to the following hypothesis:

H11: In IJVs with a high level of conflict between partners, foreign firms prefer the liquidation over the sell-off and acquisition TMs.

Inter-partner opportunism

An MNE will usually contribute many competitive resources to an IJV, and there is always a danger that local partners will take control of those resources (Bleeke & Ernst, 1991). Activities intended to acquire—or derive benefits from—partners' technologies and know-how (including obfuscating, distorting, and misleading) constitute opportunistic behavior (Ali & Larimo, 2016). Past IB studies identified many determinants impacting such opportunistic behavior, including an imbalance between partners fueling the behavior of the weaker partner (Steensma et al., 2008). Further, following TCT logic, Park and Russo (1996) reported high transaction costs arising from the necessity to monitor partners' opportunism and safeguard against it. Consequently, the stronger partner often tries to acquire the IJV to diminish transaction costs and counter the leakage of technology and expertise.

The highest level of opportunism was found after two years of IJVs' operations as partners reduced their contribution of information and started acquiring the MNE's knowledge. The shift leads to conflicts within IJVs and might encourage foreign firms to acquire affiliates (Chi, 2000). It should also be mentioned that a high level of both IJV and HSC uncertainty can persuade one partner to act opportunistically (Reuer & Tong, 2005). Based on the discussion above, the author expects foreign firms to acquire subsidiaries if local partners act opportunistically. This leads to the following hypothesis:

H12: Where local partners act opportunistically in IJVs, foreign firms prefer the acquisition over the sell-off and liquidation TMs.
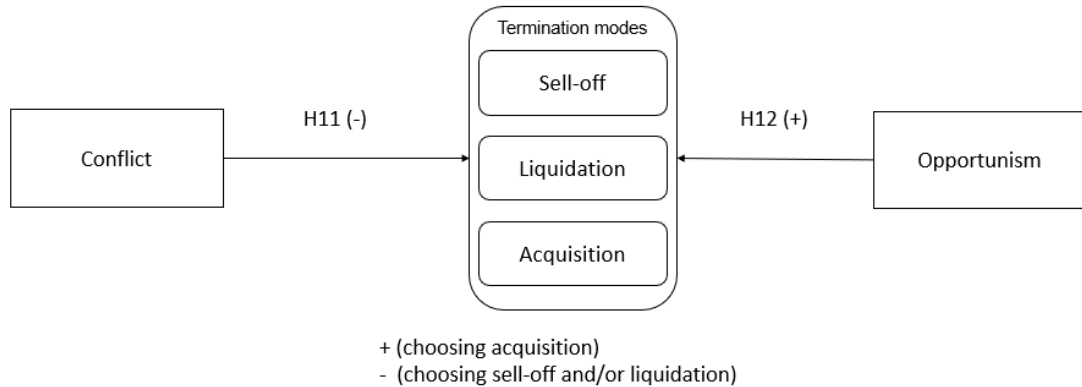
Figure 10. Research model for the influence of inter-partner-level factors on the TM choices for IJVs.

The research model of inter-partner level factors is depicted in Figure 10. The model links the factors (i.e., conflict and opportunism) with IJVs' TM.

4.1.6 Host-country-level factors

Host-country economic growth

The host-country group of determinants includes those associated with target country barriers impacting the TM choices for IJVs (Reuer, 2002). Economic growth within the HSC is related to the potential and attractiveness of a local market from a long-term investment perspective (Larimo & Arslan, 2013; Schmid & Morschett, 2020). Past IB studies reported that foreign firms acquire greater experience from growing markets (Gomes-Casseres, 1987) and, hence, increase the capacity of their sole operation in the target market. Some scholars have applied ROV arguments to explain foreign firms' decisions to terminate their affiliates. While establishing an IJV, foreign firms often include a portfolio of real options allowing them to acquire the IJV when target markets signal better opportunities (Talay & Akdeniz, 2009). Unexpected growth in the HSC market is considered one such opportunity as it shows the increased demand in the target country (Kogut, 1991).

Furthermore, MNEs convert their IJVs to WOSs in growing markets to strengthen their presence in the target market (Coudounaris et al., 2020; Iriyama & Madhavan, 2014) and, hence, exploit resources. Additionally, economic growth is associated with the acquisition TM choice owing to the opportunities for more leeway and better opportunities for development in burgeoning markets (Rittippant & Rasheed, 2016). This discussion aligns with the real-option concept,

which holds that MNEs tend to increase their investments when market conditions become favorable (Li et al., 2007).

Moreover, during an FDI initiative, MNEs usually choose the most economically attractive markets for the operation identifying their interest in HSCs (Benito, 1997). The approach aligns with the view that a large HSC market encourages MNEs to invest more resources and signals better opportunities to leverage them (Lee, 2012; Morschett et al., 2010; Procher & Engel, 2018). In that case, economic growth will fuel the desire for growth, which will entail buying partners' stakes. Accordingly, MNEs tend to acquire IJVs operating in HSCs signaling strong host-country economic growth. The discussion above prompts the following hypothesis:

H13: Strong HSC economic growth increases the probability of the acquisition TM over the sell-off and liquidation TMs for IJVs.

Host-country risk

Host-country risk is a key concept in the choice of TM for an IJV (e.g., Reuer, 2002). For example, a political system marred by bribery and corruption increases operational and transactional costs (Soule et al., 2014). Dai and colleagues (2013) further reported that resource-seeking IJVs tend to liquidate their units amid highly uncertain political contingencies. Such risks were found to harm IJVs' performance and increase their costs owing to the unpredictability of the HSC environment (Nielsen, 2007).

Further, Tan and Sousa (2019) state that high political uncertainty in HSCs is inherent to enhanced regime instability. Additionally, high environmental volatility intensifies IJVs' divestment flexibility (Hong, 2015). It is also worth noting that some authors stress the inapplicability of the ROV in the analysis of affiliates operating in war zones. That is because maintenance costs would outweigh any real options a subsidiary provides (Dai et al., 2017). In line with the discussion above, the author hypothesizes that MNEs will liquidate IJVs operating in HSCs with a high political risk. Thus,

H14: Political risk enhances the probability of MNEs choosing the liquidation TM over the sell-off and acquisition TMs.

Host-country intellectual property rights protection

Intellectual property rights (IPR) protection is a vital intangible resource with a pivotal role in MNE operations and ensuring competitive advantage (Paul & Benito, 2018; Paul & Feliciano-Cestero, 2021). However, while the role of the IPR protection determinant in the choice of entry mode following FDI has attracted

considerable attention (Delios & Beamish, 1999; Dikova & Van Witteloostuijn, 2007), the impact of the determinant on the TM choice for IJVs is under-researched. Additionally, existing articles analyze the factor only briefly and cannot comprehensively explain the role of IPR protection in the choice of TM for IJVs (e.g., Cuypers & Martin, 2010; Nielsen, 2007).

The existing literature reports that weakening IPR protection magnifies the chance of an MNE transferring its foreign operation back to its HMC (Procher & Engel, 2018). Further, foreign firms were found to isolate sensitive technologies in HSCs associated with low IPR protection (Bleeke & Ernst, 1991) and create contracts with strict IPR terms (Getachew & Beamish, 2017). The finding echoes Reuer and Tong's (2005) view that foreign firms tend to have explicit call options over IJVs operating in an HSC with weak IPR protection. The situation permits a foreign firm identifying a knowledge leakage to swiftly exercise the option and acquire the IJV. Consequently, in an environment with weak IPR protection, MNEs would choose the acquisition TM over the liquidation and sell-off forms. This discovery prompts the following hypothesis:

H15: Weak IPR protection in a host country increases the probability of MNEs choosing the acquisition TM over the liquidation and sell-off forms.
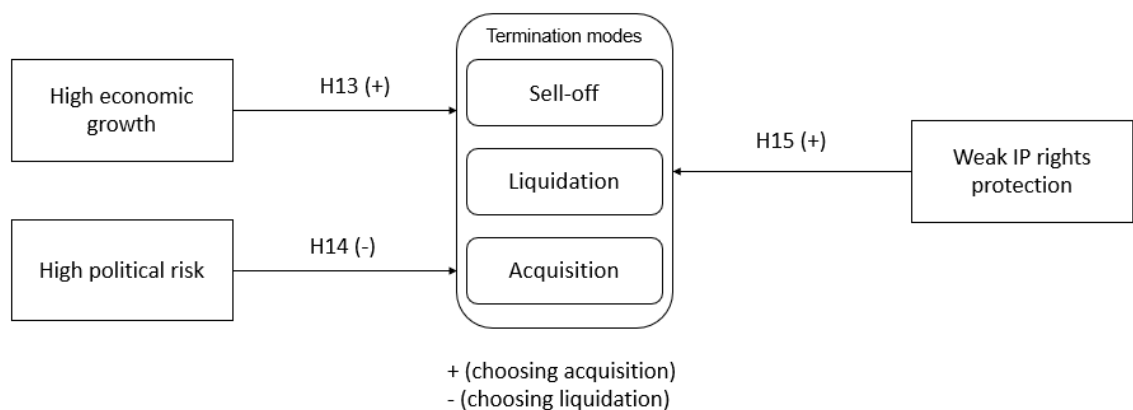
Figure 11. Research model for the influence of HSC-level factors on the choice of TM for IJVs.

The research model of HSC-level factors is presented in Figure 11. The model links the chosen determinants (i.e., HSC economic growth, HSC political risk, and HSC IPR protection) with TM among IJVs.

4.1.7   Research model of the determinants of TM choices among IJVs

This sub-section summarizes the hypotheses related to the determinants of the choice of TM for IJVs. Figure 12 depicts the author's anticipated IJV formation motives and how four level factors (HSC, IJV, parent firm, and inter-partner) impact how MNEs terminate their IJVs. For IJVs' formation motives, resource-seeking IJVs (H1) increase the chances of the liquidation TM choice over the sell-off and acquisition, while market-seeking (H2), efficiency-seeking (H3), and strategic assets-seeking IJVs (H4) intensify the chances of the MNE selecting the acquisition TM.

Additionally, the author expects parent-firm factors to influence the TM selected for IJVs. Foreign firms prefer to acquire related IJVs (H5a), greenfield IJVs (H6a), IJVs with a major parent-firm ownership position (H7c), and IJVs in an HSC where the CD is perceived (H8). The sell-off TM choice is more likely for partially acquired IJVs (H6b) and minor parent-firm equity positions (H7a). Further, the liquidation TM is expected for IJVs with equal parent-firm ownership (H7b), while unrelated IJVs (H5b) increase the chances of both sell-off and liquidation TMs over the acquisition TM.

Among IJV factors, mature IJVs (H9a) and high-performing IJVs (H10a) would motivate MNEs to choose the acquisition TM, while low-performing affiliates (H10b) intensify the chances of the liquidation TM choice. Young IJVs (H9b) are hypothesized to motivate foreign firms to sell-off their subsidiaries. Further on, among the inter-partner factors, the liquidation TM choice is encouraged by a high level of conflicts between partners (H11). Moreover, partners' opportunistic behavior (H12) facilitates the preference of both IJVs' liquidations and sell-offs. For HSC determinants, high economic growth (H13) and weak IPR protection (H15) are expected to increase the probability of the acquisition TM choice. Finally, HSC political risk (H14) should motivate MNEs to liquidate their IJVs.
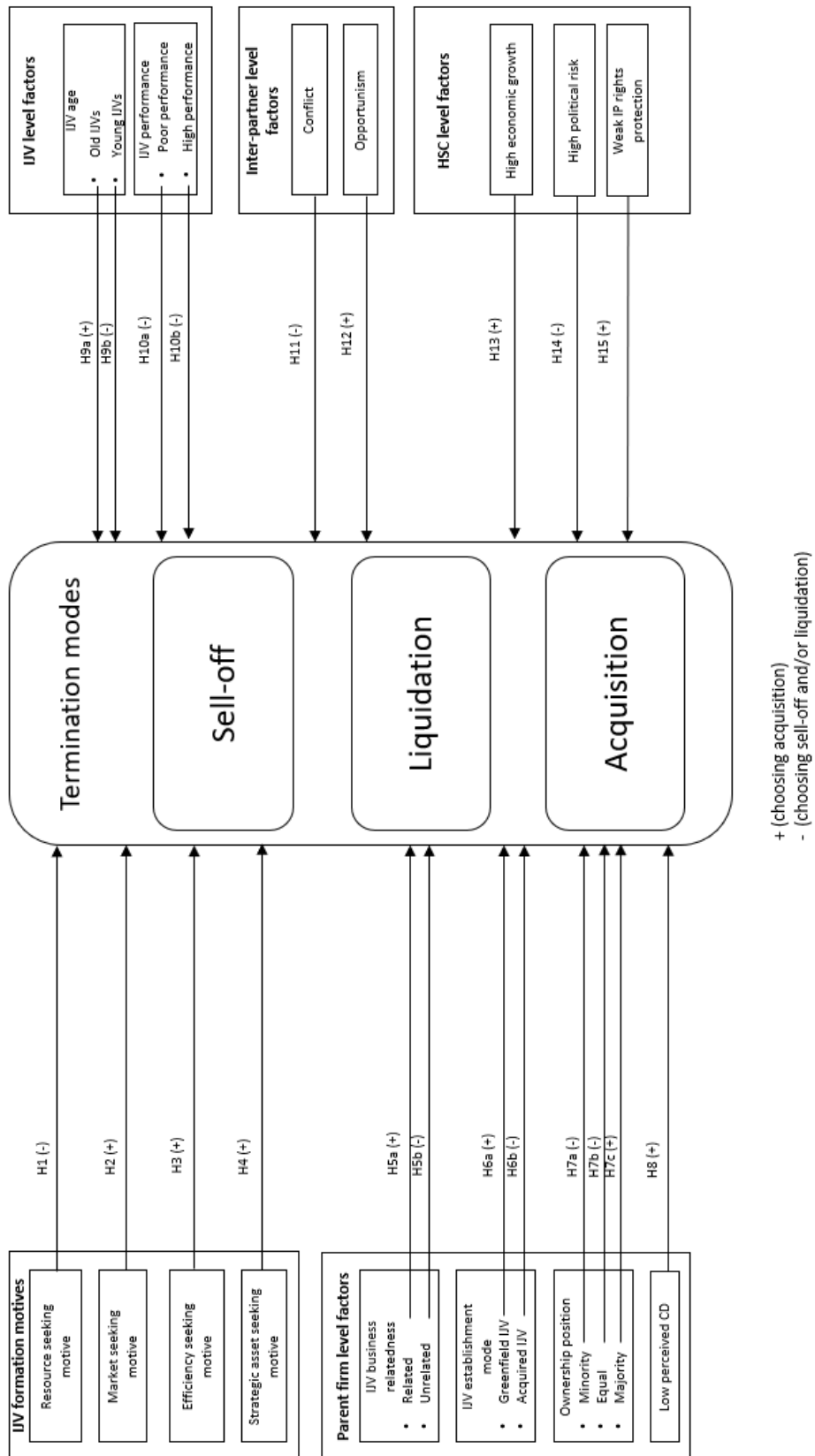
Figure 12. The conceptual model of the determinants of TM choices for IJVs.

4.2 Stock market reaction to IJV termination

4.2.1   IJV termination and parent firm VC

Divestment

Extant literature views TMs that include a reduction in parent-firm equity in affiliates as divestments (e.g., Parameswar & Dhir, 2019; Xu & Lu, 2007). Although these TMs can be conceptually differentiated from each other (Hennart et al., 1998), it is advantageous to treat them as complementary elements when evaluating parent-firm VC (Kumar, 2005).

A sell-off refers to the process of selling a joint venture to a partner or a third party (Nadolska & Barkema, 2007). This type of divestment allows the parent firm to realize value from its investment and can help MNEs focus on their core business operations (Pham et al., 2018).

Liquidation is the process of winding down an IJV and distributing the assets to the parent firm (Meschi & Wassmer, 2013). This type of divestment can be an important managerial tool if the IJV is hampered by low productivity and performance (Ushijima & Iriyama, 2015).

The divestment of IJVs can positively and negatively impact the VC of the parent firm. For example, divestment allows the parent firm to allocate resources to other projects and improve the focus of the parent firm's core business operations (Arte et al., 2022). Following RBV logic, stakeholders and markets should view such activities positively and as enhancing parent-firm VC. Divestments are often seen as restructuring activities undertaken by MNEs to reduce the complexity of their operations and boost efficiency and VC (Ushijima & Iriyama, 2015). Furthermore, divestment usually spurs a positive stock market reaction as it signals a willingness to sever an inefficient unit and reduce cross-subsidization (Berger & Ofek, 1995).

While IJVs provide foreign firms access to economies of scale and scope owing to the allocation and distribution of activities to the most cost-efficient areas (Dunning & Lundan 2008), divestment of affiliates from these areas can also cut access to economies of scale and scope. Therefore, if it follows the RBV, the stock market should react negatively to barriers to access and divestment.

Additionally, over the lifetime of an IJV, the parent firm acquires both tangible and intangible resources requiring protection (Konara et al., 2020). The acquisition of such resources usually demands considerable time and effort. Consequently, parent firms do not want to jeopardize resource access (Damaraju et al., 2015).

Therefore, the stock market will generally mirror the RBV and react negatively to IJV divestments owing to the potential loss of both intangible and tangible assets. Therefore, the discussion above prompts the following hypotheses:

H16: The stock market will react negatively to announcements of IJV divestment (i.e., liquidation and sell-off).

Acquisition

As previously identified, the acquisition TM refers to converting an IJV to a WOS. While some IJVs successfully increase the financial value of the parent firm, others have resulted in financial losses and negatively impacted the parent firm's financial value.

For example, the acquisition TM choice might trigger a negative VC. Sim and Ali (2000) stressed that parent firms look for a partner with knowledge of both the market and the relevant technology. Additionally, involvement in an IJV provides the parent firm with the flexibility to adjust its level of investment in the venture to reflect changing market conditions (Olk & Young, 1997). However, a WOS is the more rigid form of FDI, and firms can encounter issues when entering or withdrawing from such subsidiary formats (e.g., Kogut, 1991). Therefore, the acquisition TM choice tends to hamper parent-firm flexibility and strategic options and, as a result, can spur negative parent-firm VC.

The current body of knowledge stresses that the acquisition TM facilitates enhanced control over a subsidiary's operations, leading to improved performance and greater strategic alignment between the parent firm and the subsidiary (Hitt, Ireland, & Hoskisson, 2011). The process of resource transfer between the parent firm and its subsidiary should also be simplified. Additionally, the TM enables the parent firm to fully capture the economic value of the subsidiary, as it no longer needs to share profits and risks with a partner or partners (Blodgett, 1991). Therefore, the discussion above leads to the following hypothesis:

H17: The stock market will react positively to announcements of an IJV acquisition.

4.2.2   Moderating effect of host-country-level factors

In addition to evaluating the main effect of IJV divestment and acquisition on parent-firm VC, this dissertation also investigates whether certain exogenous factors influence stock market reaction to Nordic MNEs' decisions to divest or acquire IJVs. This dissertation examines the moderating role of HSC economic

growth, HSC political risk, and HSC IPR protection. Figure 12 summarizes the conceptual model of exogenous factors as moderating factors.

Host-country economic growth

The level of economic growth in the HSC often influences the perceived value of IJVs to the parent firm. Growing economies indicate that investments will have greater potential for exploitation and profitability, making them more valuable to the parent firm (Puck et al., 2009). Additionally, HSC growth indicates the attractiveness of target markets and increases the value of affiliates to the parent firm (Belderbos & Zou, 2009; Silva & Moreira, 2019).

However, according to the ROV, parent firms try to spot the moment when the market signals better opportunities and then increase their equity stake in their IJVs (Iriyama & Madhavan, 2014). Economic growth within the HSC is seen as one such opportunity. Parent firms respond to growth in HSCs markets by aiming to conquer a bigger portion of the growing market (Belderbos et al., 2021). This finding supports Kogut's (1991) view that unexpected market growth boosts the chances of MNEs converting their IJVs to WOSs. Since the choice of TM for an IJV is a significant strategic tool supporting MNE growth and prosperity (e.g., Konara et al., 2020), the author of this dissertation posits that HSC economic growth can explain the impact of the acquisition and divestment of IJVs on parent-firm VC.

Past studies emphasize the role of HSC economic growth in stock market reactions. However, the results obtained are contradictory in finding both negative (e.g., Cao et al., 2008) and positive (e.g., Kiymaz, 2004) effects of economic growth in HSCs. It should also be mentioned that bar a few studies (i.e., Kumar, 2005; Reuer, 2001), the impact of IJV acquisitions on parent-firm VC has been overlooked. Therefore, MNEs divesting IJVs in HSCs with high economic growth would lose the opportunity to exploit an expanding market, while firms acquiring IJVs would enhance their capabilities to seize new opportunities. This leads to the following hypotheses:

H18a: Host-country economic growth will have a negative moderating influence on the relationship between IJV divestment and parent-firm VC.

H18b: Host-country economic growth will have a positive moderating influence on the relationship between IJV acquisitions and parent-firm VC.

Host-country political risk

Political risk in the HSC refers to the likelihood that political events, such as changes in government policies, civil unrest, or political instability, will negatively

impact firm operations (Cuervo-Cazurra et al., 2018; Reuer, 2001). According to TCT, political risk can increase the transaction costs associated with divestment by creating risks and uncertainties that can impact the value and exploitation of IJVs and their assets (Reuer, 2001). Therefore, a parent firm might deem it unsafe to continue operations in HSCs associated with high political risk and, consequently, decide to terminate their subsidiaries.

Although prior research called for the specific investigation of the role of HSC risk in the relationship between divestment and parent-firm VC (Harris & Ravenscraft, 1991), the effect of both IJV divestments and acquisitions on parent-firm VC has not been comprehensively analyzed in politically unstable countries. Since IJVs are the preferable option for the HSCs associated with high political risk (Alcantara & Hoshino, 2012; Hong, 2015) and the political tensions were found to impact IJVs' TM choice (e.g., Nyuur & Debrah, 2014), this lack of the research is surprising. Therefore, I posit that HSC political risk can provide a more nuanced impression of the impact of divestment and the acquisition TM on parent-firm VC.

The current body of knowledge illustrates that involvement in an IJV allows parent firms to monitor the HSC environment (e.g., Iriyama & Madhavan, 2014). Consequently, once an MNE understands if a market promises better or worse opportunities, it should take certain actions. Similarly, Kumar (2005) identified that the commitment to an IJV should be increased or decreased depending on market cues. Following this logic, positive market signals should lead to IJV acquisitions and negative ones to IJV divestments. However, the decision on IJV termination may result from mismanagement by one or more partners, which is also strongly associated with organizational problems, including the partners' weak negotiation abilities (Meschi, 2005). In that case, MNEs will not be able to agree on the most suitable TM for their IJVs, which, in turn, would negatively impact the stock market reaction. Based on this discussion, it can be argued that a parent firm divesting IJVs in an HSC associated with high political risks would avoid high transaction expenditure. In contrast, an MNE acquiring an IJV in such a country would face higher expenses. This leads to the following hypotheses:

H19a: Host-country political risk will have a positive moderating influence on the relationship between IJV divestments and parent-firm VC.

H19b: Host-country political risk will have a negative moderating influence on the relationship between IJV acquisitions and parent-firm VC.

Intellectual property rights protection

The role of IPR protection in IJV operations refers to how such elements as patents, trademarks, copyrights, trade secrets, and other forms of proprietary information are safeguarded in HSCs (Luo, 2002). An HSC might be described as having a weak IPR regimen if it offers little legal protection, which, in turn, alerts shareholders to high uncertainty (Luo, 2007a).

According to the ROV, IJVs are a significant factor in allowing MNEs to increase or decrease their presence in an HSC according to the market cues (e.g., Iriyama & Madhavan, 2014). Changes in HSC uncertainty are seen as one of these signals and are reported to impact parent-firm decisions to terminate their affiliate (e.g., Kogut, 1991; Puck et al., 2009). However, if HSC IPR protection allows MNEs to better understand the situation in the target market and, as a result, base a decision on the particular actions (including the choice of TM for IJV), then the very same element should also impact the stock market reaction caused by the TM selected for an IJV.

Delios and Beamish (1999) viewed IPR protection as a valuable indicator of HSC environmental risk and stressed the low probability of additional investments in such markets, which, presumably, could lead to a negative stock market reaction. However, owing to the mismanagement of IJVs—particularly prevalent in unrelated units and inexperienced MNEs (Ogasavara & Hoshino, 2008; Reuer, 2001)—foreign firms might miss market signals or misinterpret them. Therefore, albeit HSC market cues would indicate better opportunities, the necessary actions are not often taken, which, as a result, impacts parent-firm VC. Consequently, the relationship between IJV TMs and parent-firm VC will be moderated by the level of IPR protection in host countries. Accordingly, strong HSC IPR protection should moderate the influence of IJV's divestment on the parent-firm VC negatively and the impact of IJV's acquisition on parent-firm VC positively. This leads to the following hypotheses

H20a: Host-country IPR protection will have a negative moderating influence on the relationship between IJV divestments and parent-firm VC.

H20b: Host-country IPR protection will have a positive moderating influence on the relationship between IJV acquisitions and parent-firm VC.
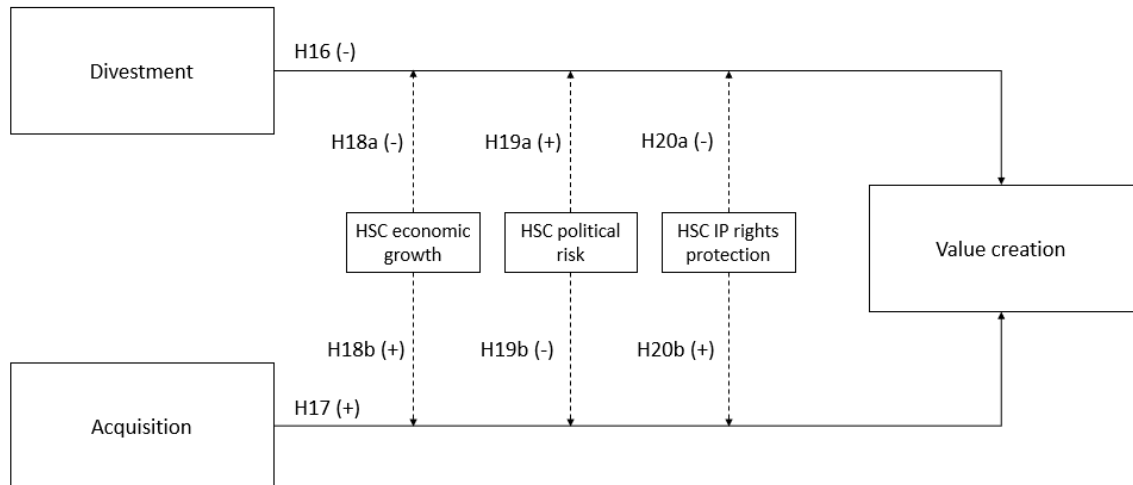
Figure 13. The conceptual model of parent-firm' VC.

The research model of the impact of IJV divestments and acquisitions on VC is presented in Figure 13. The model links the chosen IJV TMs (i.e., IJV divestment and IJV acquisition) with parent-firm VC. The figure also depicts the moderating role of exogenous aspects (i.e., HSC economic growth, HSC political risk, and HSC IPR protection).

4.2.3   Research model of IJV termination of parent-firm VC

This sub-section summarizes the developed hypotheses on the impact of IJV divestment and acquisition on the consequent parent-firm VC. Figure 13 depicts the expectation that IJV divestments decrease parent-firm value (H16). In contrast, IJV acquisition is proposed to enhance the value of foreign firms (H17).

Additionally, three exogenous factors tend to have a moderation effect on the impact of IJV divestment/acquisition on MNE VC. First, HSC economic growth is hypothesized to worsen the negative effect of IJVs' divestments on parent-firm VC (H18a) but to strengthen the positive effect of IJV acquisitions on parent-firm VC (H18b). Further, HSC political risk is expected to strengthen the negative influence of IJV divestment on parent-firm VC (H19a) but worsen the positive influence of IJVs' acquisitions on parent-firm VC.

Finally, the author of this dissertation predicts that HSC IPR protection would worsen the negative effect of IJVs' divestment on parent-firm VC (H20a). However, on the other hand, HSC IPR protection is expected to strengthen the positive influence of IJVs' acquisition on MNEs' VC. The combined model of the study is presented in Figure 14.
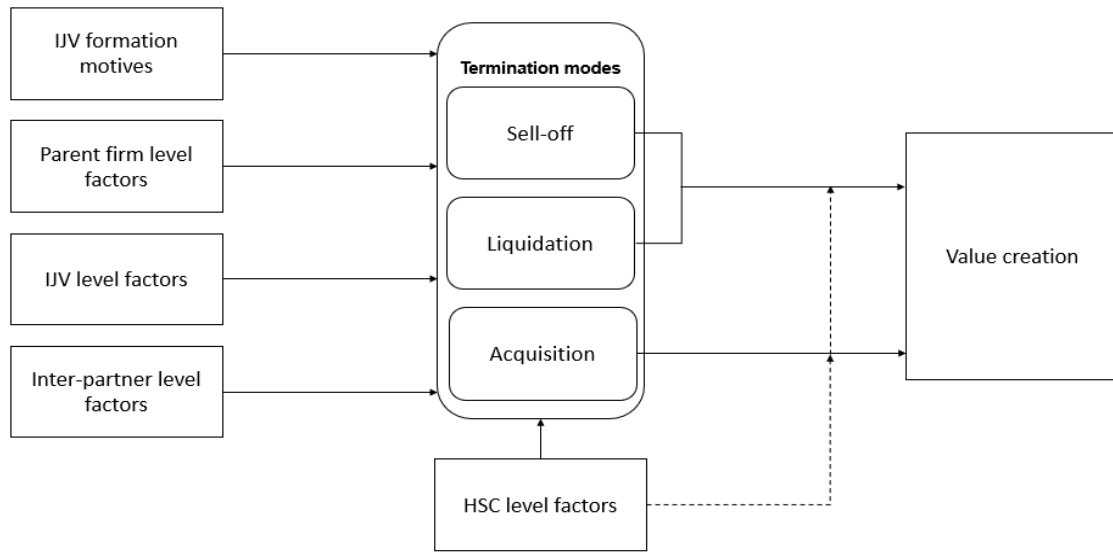
Figure 14. The conceptual model of the study.

5 RESEARCH METHODOLOGY

The primary objective of this research methodology chapter is to provide a detailed explanation of the research methodology employed in the empirical part of this dissertation. The chapter commences with a discussion of the research approach (deductive and inductive) and the research method (quantitative and qualitative). Additionally, the chapter delves into data sources, sample selection, and the operationalization of variables, including the dependent, independent, and control variables. Furthermore, the following section examines the sample characteristics in greater depth. Finally, the validity and reliability of the study are presented and assessed in the last section.

5.1 Philosophical underpinnings of the study

The decision on the used methodology is an essential choice in international business research since it allows for building a bridge between theory and data (Johnston, 2017; Shareia, 2014). These methodological decisions are often based on certain criteria set by researchers (Hurmerinta-Peltomäki & Nummela, 2004, 2006). The existing body of knowledge classifies two main criteria that should be considered during the choice of methodology, i.e., the philosophical assumptions of the researcher (Johnston, 2017; Modu et al., 2022) and research objectives (Rahi, 2017). Consequently, these criteria should be considered before starting the research, and only once the researcher possesses a clear decision on them the investigation of the phenomena of interest can be begun.

The researcher's approach to ontology ("nature of reality") and epistemological ("what constitutes an acceptable knowledge in a field of study") justifications constitutes the basis of his philosophical assumptions (Hurmerinta-Peltomäki & Nummela, 2004; Ihuah & Eaton, 2013:936; Sprake & Palmer, 2022). These views help researchers to place their studies in one of the opposing paradigms of positivism/objectivism and constructivism/subjectivism (Morgan & Smircich, 1980) further identifying the particular choice of the methodology. In essence, Hurmerinta-Peltomäki and Nummela (2004) determine that the positivist approach usually leads to the choice of quantitative studies, while the constructivist approach frequently leads to the choice of the qualitative method. However, although the approaches should lead to the above-stated methods *per se*, they are often impacted by the subjective metaphysical concepts of truth and reality, and, considering that these aspects vary from individual to individual based on their own experience, there is a clear need to identify the philosophical

underpinnings of the research. Therefore, I try to identify the metaphysical concepts that affected the realization of the current project.

In my opinion, the reality is objective and singular but interpreted and retranslated by individuals based on their own experience. That is somehow in line with Modu et al. (2022:52) findings that "... *objective reality is embedded in the environment which is encountered through human experience.*" Additionally, based on my understanding, reality should be measured by objective means rather than evaluated based on assumptions, interpretations, and sensations (Collis & Hussey, 2009:57; Ihuah & Eaton, 2013). My intentions in this project are to identify the determinant of IJVs TM choice and the consequent influence of this choice. It should further be mentioned that I do not attempt to construe MNEs' view on certain variables but instead, I aim to determine them by measurement developed in the existing empirical articles. Thus, following the classification proposed in Collis and Hussey (2009:57) and Shareia (2014) the present dissertation measures construct quantitatively. In particular, the current research applies these measurements to the variables associated with the determinants of IJV TM choice, TMs, and parent firms' VC. Therefore, the current dissertation follows a positivist approach rather than constructivism.

5.2 Research Approach and Method

In conducting research in IB, two main approaches can be chosen: deductive and inductive (Saunders, Lewis & Thornhill 2012). The deductive approach involves the author formulating a theory and hypotheses and designing a research strategy to test them (Wilson 2014). This approach assumes that a theory exists and that the data collection process follows the theory. On the other hand, inductive research requires the researcher to make sense of the collected data at the beginning, and theory is developed as a result of data analysis. Inductive research is based on empirical evidence and observations (Saunders et al., 2012).

The decision to use either approach depends on the researcher's clarity about the theory at the beginning of the study. The author determines whether to use the deductive approach, where a theory and hypothesis are developed first, or the inductive approach, where data are collected first, while the theory emerges from data analysis. This dissertation uses a deductive research approach because its hypotheses are developed from existing literature and subsequently tested using secondary data.

The current body of knowledge uses two research methods: qualitative and quantitative. Qualitative research aims to understand phenomena by observing

narrative data and provides non-standardized data that requires classification into categories (Ghauri & Grønhaug, 2005). It also permits pursuing new areas of interest and acquiring detailed insight into phenomena by closely involving respondents (Saunders, Lewis & Thornhill 2007). Quantitative research, on the other hand, describes phenomena by measuring different variables and their relationships, which provides a structured, systematic approach with little flexibility and includes investigating observable events using statistical and mathematical techniques (Given, 2008, Wilson, 2014).

The author of this dissertation considers the quantitative methodology an appropriate tool because it suits the testing and verification of hypotheses. Additionally, the author applies a quantitative research method to measure the research phenomenon through statistical analysis and establish an empirical connection between the main event of observation and explanatory factors.

5.3 Data Source and Sample Characteristics

The empirical part of the dissertation is based on 105 IJVs terminated between 2000 and 2020 owned by Nordic MNEs; that is, MNEs from Finland, Sweden, Denmark, and Norway. The sample is based on the surveys conducted among Nordic MNEs that established at least one IJV between 1972 and 2011. The overall population sample is 800 IJVs, but the response rate is only 17.5% (140 IJVs), which is consistent with the 15–20% response rates typical of recent IJV-related studies (e.g., Ali et al., 2021; Isidor et al., 2015). Among the sampled cases, 57 IJVs had already been terminated at the point data were collected. Since, at this stage, the earliest identified IJV termination occurred in 2000, this year was chosen as a starting point for the study's timeframe. Further, I analyzed the annual reports and press releases from 83 IJVs, which survived at the point of data collection. This step revealed that 48 IJVs were terminated after the survey was conducted. Therefore, the final sample consists of 105 terminated IJVs, and since the last IJV termination occurred in July 2020, the timeframe of this dissertation is 2000–2020.

The decision on using primary or secondary data sources to inform the current research was based on the research topic and data availability. The current body of knowledge stresses the complexity of primary data collection on divestment and termination of international subsidiaries owing to managers' reluctance to share such information (Panibratov & Brown, 2018). Researchers collect primary data to address their specific research problems, while secondary data comes from information collected by others for different purposes. Both data sources have

advantages and disadvantages. Primary data collection allows data to be tailored to the research question and is especially useful in studying the perceptions of respondents.

In contrast, various sources offer readily available secondary data at the firm and country levels, which saves time and resources and can aid researchers in interpreting primary data. However, secondary data might not be suitable for all research because it is typically collected for different purposes, and the measurements and variables might be interpreted differently. Since the purpose of this study is to examine the determinants of the choice of TM for IJV associated with motives, IJV, inter-partner, HSC, and parent-firm-level factors, as well as the consequent influence of the TMs on parent-firm VC, both secondary and primary data were used.

The first model of the study (Figure 12) is primarily tested using survey data collected by the members of the International Business and Marketing research group of the University of Vaasa (here, the *internal dataset*). The final sample was drawn from two surveys conducted in 2007 and 2013 (see Nguyen & Larimo, 2008 for details of the 2007 survey, and Larimo, Nguyen, & Ali, 2016 for details of the 2013 survey). The study's second model (Figure 13) is based entirely on secondary data and includes information on the HSC-level factors gathered from 1) the Economic Freedom of the World annual report, 2) the International Monetary Fund Report, and 3) The World Bank Group. Additionally, the VC is analyzed based on the Nordic stock market (i.e., OMX NORDIC 40). However, it should be mentioned that the sample size for the second model of the study is 49 terminated IJVs operated by Nordic MNEs. That is because the 105 cases mentioned include private and public companies. However, the second model requires parent firms to be publicly listed companies. Therefore, some case companies had to be excluded from the second model.

5.4 Operationalizations of Variables

5.4.1   Dependent Variables

The dissertation has two dependent variables: choice of TM for IJVs and parent-firm VC. TM choice is operationalized with a trichotomous variable, which takes a value of one if the Nordic parent firm acquired an IJV, two if the Nordic parent firm sold an IJV, and three if an IJV was liquidated. The parent-firm VC dependent variable is scaled and based on CAR around the termination date of Nordic public MNEs, which is computed by adapting the standard event methodology. Following

the prior research (e.g., Kumar, 2005; Reuer, 2001), the market model was estimated over the following window [-250, -50] using data from OMX NORDIC 40. The estimated event window is [-5, +5], where 0 is the date of the announced termination of an IJV.

5.4.2   Independent Variables

The independent variables of this dissertation can be categorized into five groups. The first group includes determinants related to IJV formation motives: the resource-seeking motive, market-seeking motive, efficiency-seeking motive, and strategic asset-seeking motive. The second group includes parent-firm-level factors: IJV business relatedness, IJV establishment mode, ownership position, and perceived CD. The third group includes variables associated with IJV-level factors: IJV age and IJV performance. Next, the inter-partner group of variables includes determinants of inter-partner conflict and opportunism. Finally, the last group contains the factors related to HSC environments. Within the analysis of parent-firm VC, the author also treats IJV divestments (i.e., sell-off/liquidation and acquisition) as independent variables.

Resource-seeking motive

The resource-seeking motive reflects the initial intentions of foreign firms to access HSC-specific assets (e.g., Luo & Park, 2001). In resource-seeking units, foreign firms often focus on natural resources allocated in the HSC market and aim to gain control over them (Dadzie et al., 2018). The variable was measured on a 5-point Likert scale anchored with *unimportant* (1) and *very important* (5). The variable is expected to enhance the chances that Nordic liquidate their IJVs. The primary source of data is the internal dataset.

Market-seeking motive

The market-seeking motive was measured on a 5-point Likert scale anchored with *unimportant* (1) and *very important* (5). The respondents were asked if increasing market share impacted FDI decisions. Market-seeking affiliates refer to the investment taken by MNEs to maintain or expand their presence in existing markets and explore new markets (Pananond, 2015). The process involves investing in a country or region to provide goods to markets in that area or nearby countries. These markets may once have been served by exports from the investing firms, but due to various HSC conditions (e.g., growth markets), local production becomes more suitable (Dunning, 1993). When MNEs invest abroad to access foreign markets following customers or market signals, they establish market-

seeking subsidiaries (Makino et al., 2007). The main source for this variable is the internal dataset, and this motive is expected to enhance the chances of the acquisition TM choice.

Efficiency-seeking motive

An efficiency-seeking unit is a venture aiming to restructure the production units of an established company to leverage the synergies of managing interconnected activities across diverse locations (Makino et al., 2007). These advantages primarily include economies of scale and scope and risk diversification (Dunning & Lundan 2007). The efficiency-seeking motive was proxied on a 5-point Likert scale anchored with *unimportant* (1) and *very important* (5). The variable is expected to intensify the chance of a Nordic MNE acquiring its IJVs. The primary source of data is the internal dataset.

Strategic asset-seeking motive

The strategic asset-seeking motive refers to the establishment of a foreign entity to provide access to another company's technology, knowledge, and skills (Parameswar et al., 2018). Such strategic assets are unique and inherent only to a particular local firm in an HSC (Makino et al., 2007). Strategic asset-seeking investments differ from simply exploiting firms' capabilities and involve partnering with a local firm to protect or enhance competitive advantage (Duanmu & Lawton, 2021). The strategic asset-seeking motive variable was measured on a 5-point Likert scale anchored with *unimportant* (1) and *very important* (5). The data source for this variable was the internal dataset, and it is expected to enhance the chances of an IJV being terminated by the acquisition TM. Table 7 includes the summary of the operationalization of IJV formation motives and the abbreviation of variables used in the empirical part of the dissertation.

Table 7.   Operationalization of IJV formation motives.

Variable	Operationalization	Data Source
Resource-seeking motive (RS)	The participants were asked to rate the significance of resource-seeking aspects (i.e., cheap labor and low-cost input factors) for the formation of IJVs in HSCs on a scale of 1 (Not at all important) to 5 (very important) (adopted from Makino et al., 2007).	Internal dataset
Market-seeking motive (MS)	The participants were asked to rate the significance of market-seeking aspects (i.e., increasing market share) for the formation of IJVs in HSCs on a scale of 1 (Not at all important) to 5 (very important) (adopted from Makino et al., 2007).	Internal dataset

Variable	Operationalization	Data Source
Efficiency-seeking motive (ES)	The participants were asked to rate the significance of efficiency-seeking aspects (i.e., producing for the global market and accessing cheap labor/low cost-inputs) for the formation of IJVs in HSCs on a scale of 1 (Not at all important) to 5 (very important) (adopted from Makino et al., 2007).	Internal dataset
Strategic asset-seeking motive (SAS)	The participants were asked to rate the significance of strategic asset-seeking aspects (i.e., obtaining technologies and know-how from a partner headquartered in the HSC) for the formation of IJVs in HSCs on a scale from 1 (Not at all important) and 5 (very important) (adopted from Makino et al., 2007).	Internal dataset

Business relatedness

Business relatedness is seen as the difference in the main business line between the foreign parent firm and its IJVs (Ogasavara & Hoshino, 2008). This is a dichotomous variable assigned a value of one if IJV is related to the main business line of a Nordic MNE and zero if it is unrelated. Dealing with a related IJV is expected to influence an MNE to acquire it. It is also expected that unrelated affiliates would intensify the chances that foreign firms prefer the sell-off and acquisition TM options. The data source for the business relatedness variable was the internal dataset.

Establishment mode

Establishment mode would be a dichotomous variable equal to one if the establishment mode of an IJV was partial acquisition and zero if it was greenfield. Past studies have proposed a similar operationalization of the variable (Brouthers & Dikova, 2010; Chang & Singh, 1999; Slangen & Hennart, 2008). Greenfield establishment mode is expected to intensify the chances that a Nordic MNE would prefer to acquire its IJVs. The acquisition establishment mode is also expected to enhance the chance of IJVs being terminated by sell-off. The data source for the establishment mode variable was the internal dataset.

Ownership share

Ownership share is the proportion of equity each partner holds in an IJV. The current body of knowledge classifies three main ownership types of IJVs: First, in a majority IJV, a foreign parent firm partner holds more than 51% but less than 90% of the IJV's equity (Park & Ungson, 1997). Second, in equal IJVs, both partners possess 50% (Isidor et al., 2015). Third, minority IJVs are those where foreign partners own between 10% and 49% (Mata & Portugal, 2000). Ownership share types were operationalized with three dummy variables, where the particular

ownership mode (i.e., majority IJVs, equal-IJV, or minority-IJV) was coded as 1, and other forms coded zero. The main source for this variable is the internal dataset, and majority IJVs, equal IJVs, and minority IJVs are expected to enhance the chances of the IJVs being terminated by acquisition, liquidation, and sell-off, respectively.

Perceived cultural distance

The perceived CD is an ordinal variable measured on a 5-point Likert scale anchored with *very different* (1) and *very similar* (5). Respondents were asked for their opinion of the degree of variance in national cultures between the HMC and HSC at the time of formation and termination of an IJV (or at the time of survey). The perceived CD is expected to intensify the chances that a Nordic MNE will decide to acquire an IJV. The data source for the perceived CD variable was the internal dataset. Table 8 includes the summary of the operationalization of parent-firm-level factors and the abbreviation of variables used in the empirical part of the dissertation.

Table 8.　　　　Operationalization of parent-firm-level factors.

Variable	Operationalization	Data Source
IJV business relatedness (BR)	Coded as "1" if Nordic MNE (i.e., foreign firm) operates in the same business line as IJV, and "0" otherwise (Adopted from Nielsen, 2007).	Internal dataset
IJV establishment mode (EM)	Coded as "1" if an IJV was established via partial acquisition and "0" if via greenfield (Adopted from Chang & Singh, 1999).	Internal dataset
Majority ownership position (MAO)	Coded as "1" if Nordic MNE (i.e., foreign firm) owns between 51% and 90% in an IJV, and "0" otherwise (adopted from Lu et al., 2011).	Internal dataset
Equal ownership position (EO)	Coded as "1" if both IJV partners own exactly 50% and "0" otherwise (adopted from Akdeniz & Talay, 2022; Konara et al., 2020).	Internal dataset
Minority ownership position (MIO)	Coded as "1" if Nordic MNE (i.e., foreign firm) owns between 10% and 49% in an IJV, and "0" otherwise (adopted from Tong et al., 2008).	Internal dataset
Perceived cultural distance (PCD)	The participants were asked to rate the perception of CD on a scale from 1 (very different) and 5 (very similar) at the of a) IJV formation and b) IJV termination (adopted from Bener & Glaister, 2010).	Internal dataset

IJV age

The IJV age variable refers to the years since the IJV's formation (Duanmu & Lawton, 2021; Luo, 2007b). Measurement was facilitated by transforming the data into an ordinal 5-point scale variable coded as (1) if the IJV operated for three years or less, (2) if it operated for between four and seven years, (3) if the period was 8–11 years, (4) if the operation period was 12–15 years, and (5) if it was more than 16 years. Nordic MNEs are expected to implement termination by acquiring mature IJVs and selling off younger ones. The internal dataset provided the data source for the perceived CD variable.

IJV performance

The IJV performance variable is a composite ordinal variable based on the survey questions where respondents were asked about their satisfaction with the overall performance, profitability, market share, and achievement of parent-firm goals. All items were measured on a 5-point Likert scale anchored with *very dissatisfied* (1) and *very satisfied* (5). The composite reliability for this variable is 0.89. Poor performance of IJVs is expected to enhance the chances of the sell-off and the liquidation TM options being implemented, while high performance should favor the acquisition TM choice. Table 9 includes the summary of the operationalization of the IJV-level factors and also the abbreviations for the variables used in the empirical part of the dissertation.

Table 9. Operationalization of IJV-level factors.

Variable	Operationalization	Data Source
IJV age	Coded as "1" is less or equal to 3 years, "2" if 4-7 years, "3" if 8-11 years, "4" if 12-15 years, and "5" if more or equal to 16 years.	Internal dataset
IJV performance (IJV perf)	The participants were asked to rate how they are satisfied with the performance of an IJV in case of a) Overall performance, b) Profitability, c) Market share, d) Parent firms' goals achievement on a scale from 1 (Very unsatisfied) and 5 (Very satisfied) (adopted from Geringer & Hebert, 1991; Lane et al., 2001) (α=0.89).	Internal dataset

Inter-partner conflict

Inter-partner conflict is an ordinal variable measured on a 5-point Likert scale anchored with *very low* (1) and *very high* (5). A similar operationalization was used in the existing literature (Steensma et al., 2008). The high level of conflicts between IJV partners is expected to intensify the chance that Nordic MNEs would prefer to liquidate or acquire their IJVs.

Inter-partner opportunism

Seven items were used to measure opportunism (see Table 10 for a detailed explanation). The items were chosen based on prior research (Ali & Larimo, 2016; Hsieh et al., 2010) and evaluated based on a 5-point Likert scale anchored with *strongly disagree* (1) and *strongly agree* (5). A high level of partner opportunism is expected to intensify the chances that Nordic MNEs decide to sell off or liquidate their IJVs. Table 10 includes the summary of the operationalization of inter-partner level factors and also the abbreviations for the variables used in the empirical part of the dissertation.

Table 10.   Operationalization of intern-partner level factors.

Variable	Operationalization	Data Source
Inter-partner conflict (IPC)	The participants were asked to identify the level of disagreements and conflicts with the local partner on a scale from 1 (Very low) and 5 (Very high) (adopted from Steensma et al., 2008).	Internal dataset
Inter-partner opportunism (IPO)	The participants were asked to indicate the level of agreement on the partners' behavior in case of a) facts altering, b) overpromising, c) information withholding, d) failure to provide the promised support/resources, e) partners' violations of formal or informal IJV agreement, f) partners' engagement of the attempts in the appropriateness of technologies provided by your firm, and g) price and quality of material and products required for IJVs' operation supplied by partners' firms (adopted from Ali & Larimo, 2016; Hsieh et al., 2010) (α=0.96).	Internal dataset

HSC economic growth

The HSC economic growth is continuous variable which is measured as the annual percent change of real GDP growth in an HSC. Prior FD studies used the same measurement to evaluate HSC economic growth (Alcantara & Hoshino, 2012; Belderbos et al., 2021). The main source for this variable is the international monetary fund (IMF), often used in prior research to investigate the phenomena of termination of international affiliates (Cuypers & Martin, 2010; Duanmu & Lawton, 2021; Song, 2014a). Additionally, in accordance with the recommendations provided by the current body of knowledge, GDP growth was measured with a one-year lag (Meschi et al., 2017; Mohr et al., 2018). The economic growth rate in the HSC is expected to act to persuade Nordic MNEs to acquire their IJVs.

HSC risk

The HSC risk ordinal variable is a measure of political stability extracted from the World Bank Worldwide Governance Indicators (WGI) database. The database was used in recent termination studies (Duanmu & Lawton, 2021; Sohl & Folta, 2021). The variable was operationalized on a scale of one to ten, where one represents a highly unstable and ten a highly stable country. Additionally, the current research follows the recommendation proposed by Konara et al. (2020) and measures political stability with a one-year lag. It is expected that politically unstable HSCs would impact the decision of Nordic MNEs to liquidate their IJVs.

HSC IPR protection

The ordinal variable HSC IPR protection is measured as the protection of property rights in an HSC. The main data source for this variable is the Economic Freedom of the World annual reports (EFW), and the data were gathered for the IJVs' termination year or the nearest year to that event. The variable was operationalized on a scale of one to ten, where one represents weak IPR protection and ten strong IPR protection. Weak IPR protection in an HSC is expected to intensify the chances that Nordic MNEs would choose to acquire their IJVs. Table 11 includes the summary of the operationalization of HSC-level factors and the abbreviation of variables used in the empirical part of the dissertation.

Table 11. Operationalization of HSC-level factors.

Variable	Operationalization	Data Source
HSC economic growth (HSC GDP)	The change of real GDP growth (%) of an HSC in the year preceding an IJV's termination (adopted from Alcantara & Hoshino, 2012; Belderbos et al., 2021; Meschi et al., 2017)	IMF
HSC risk (HSC PS)	Political stability is measured on a score from 0 to 100 in a year preceding IJVs' termination	WGI
HSC IPR protection (HSC IP)	IPR protection is measured on a score from 1 to 10, where 1 is low IPR protection, and ten is high IPR protection	EFW

Additionally, it should be mentioned that the analysis for model 2 includes the IJV TMs operationalized as dependent variables for model 1 (see Figure 12) as independent variables[1]. Divestment of IJVs is expected to influence the value of Nordic MNEs negatively, while acquisitions should impact positively. Moreover,

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[1] – IJVs' sell-offs and liquidations were combined into a divestment variable owing to a low number of cases.

the independent HSC-level factor variables used in model 1 are employed as the interactive variables for model 2 (see Figure 13).

5.4.3   Control Variables

In addition to its dependent and independent variables, this dissertation has several control variables, which are supposed to impact the choice of TM for IJVs and parent-firm VC. I used the prior target country experience of Nordic MNEs (TCE in Table 16) to analyze the choice of TM for IJVs. That is a dichotomous variable given the value of one if a Nordic MNE had any prior experience in an HSC before the current IJV was established (i.e., with a WOS, IJV, licensing, export, or other operation) and zero otherwise. The same (or very similar) operationalization of this variable was reported in past IB studies based on survey data (e.g., Luo, 2001; Slangen & Hennart, 2008). Additionally, it should be noted that the IJV age variable (see the detailed operationalization in Section 5.2.2.) was implemented as the control one for the analysis of parent-firm VC.

5.5 Sample Characteristics
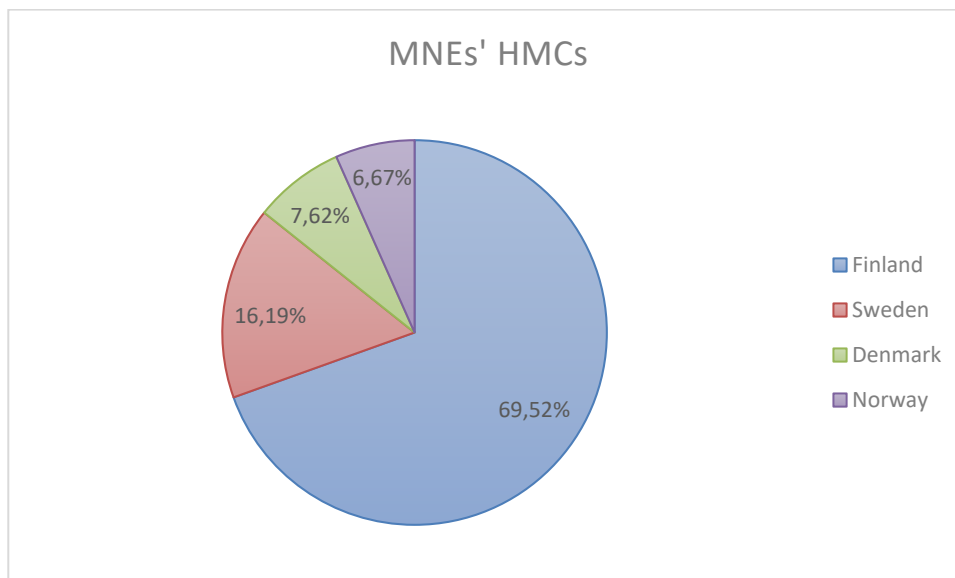
Figure 15. Parent firms of IJVs.

The IJVs' location (i.e., the HSC) data show the clear majority of the affiliates (55 IJVs) were terminated from Europe (52.38%), and 34 IJVs were terminated from Asia (32.38%) (see Figure 16). Further, the same number of IJVs (five cases) were terminated from North and South America (4.76% each), six of the sampled IJVs were terminated from the other countries (5.71%).
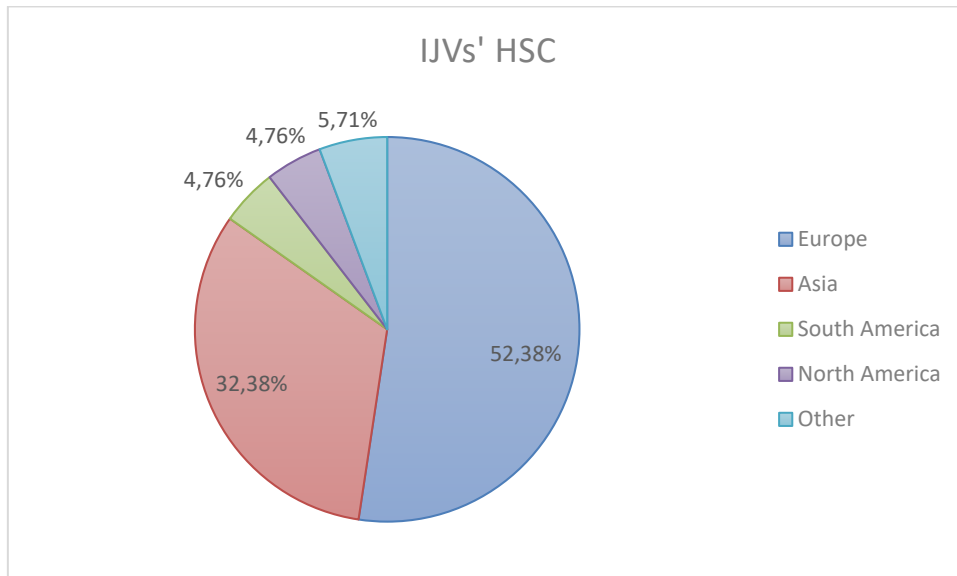
IJVs' HSC

Figure 16. IJVs' HSCs.

This study reveals that over half of the terminated IJVs (53 IJVs) were majority-owned by Nordic MNEs (50.48%). Minority-owned subsidiaries numbered 32 IJVs (30.48%), and there were 20 equally-owned subsidiaries (19.05%). The equity distribution of Nordic MNEs is presented in Figure 17.

Ownership position
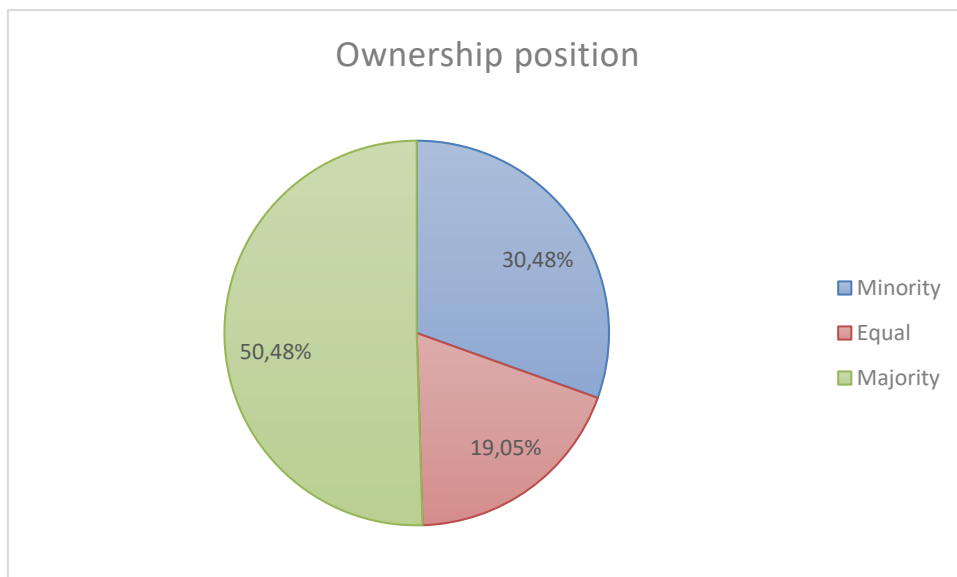
Figure 17. Nordic parent-firm ownership position in IJVs.

Furthermore, the sample shows a different age distribution among the terminated IJVs (Table 12). A clear majority were terminated within less than five years (57 IJVs – 54.29%). Further, 22 IJVs were terminated after between six and ten years of operation (20.95%), followed by 16 IJVs terminated after between 11 and 15

years of operation (15.24%). Finally, only 6 IJVs were terminated after between 16 and 20 years of operation, and only 4 IJVs after more than 20 years.

Table 12.   Age of the sample IJVs.

Age of IJV	Frequency	Percentage
1-5 years	57	54.29
6-10 years	22	20.95
11-15 years	16	15.24
16-20 years	6	5.71
>20 years	4	3.81
Total	**105**	**100.00**

The study sample consists of a relatively similar number of IJVs established via acquisition (57 IJVs) and greenfield (48 IJVs). Finally, the sample reveals that the majority of the terminated IJVs were related to the main business line of Nordic MNEs (83 IJVs), and only 22 IJVs were unrelated. Table 13 presents the important characteristics of the study sample.

Table 13.   Summary of sample characteristics.

Sample Characteristic	Description
Termination Mode	Acquisition TM (61), Sell-off TM (32), and Liquidation TM (12)
Nordic HMC	Finland (73), Sweden (17), Denmark (8), and Norway (7)
IJVs' HSCs	Europe (55), Asia (34), North America (5), South America (5), and Others (6)
Establishment mode	Acquisition (57), and Greenfield (48)
Ownership position of Nordic MNEs	Majority-owned (53), minority-owned (32), and equally-owned (20)
Business Relatedness (to Nordic MNE)	Related IJVs (83) and unrelated IJVs (22)
IJV Age	1–5 years (57), 6–10 years (22), 11–15 years (16), 16–20 years (6), and >20 years (4)

It has already been mentioned that the empirical analysis of the dissertation includes two models. However, it should also be specified that the sample for the second model is smaller owing to the need to include only public Nordic MNEs (i.e., those listed on the OMX NORDIC 40). As a result, the sample size for this model is 49 IJVs, which includes 25 IJV divestments (i.e., the sell-off and liquidation TMs together) and 24 IJV acquisitions.

Parent firm VC generated by IJV terminations was measured via CAR for five days before and after the termination. Figure 18 depicts the distribution of CAR for the period. The highest CAR is +12.13%, and the lowest is -17.78%. However, it should

be noted that the majority of the results sat between -5% and +5%. The average CAR on the termination of IJVs by Nordic MNEs is +0.17%.
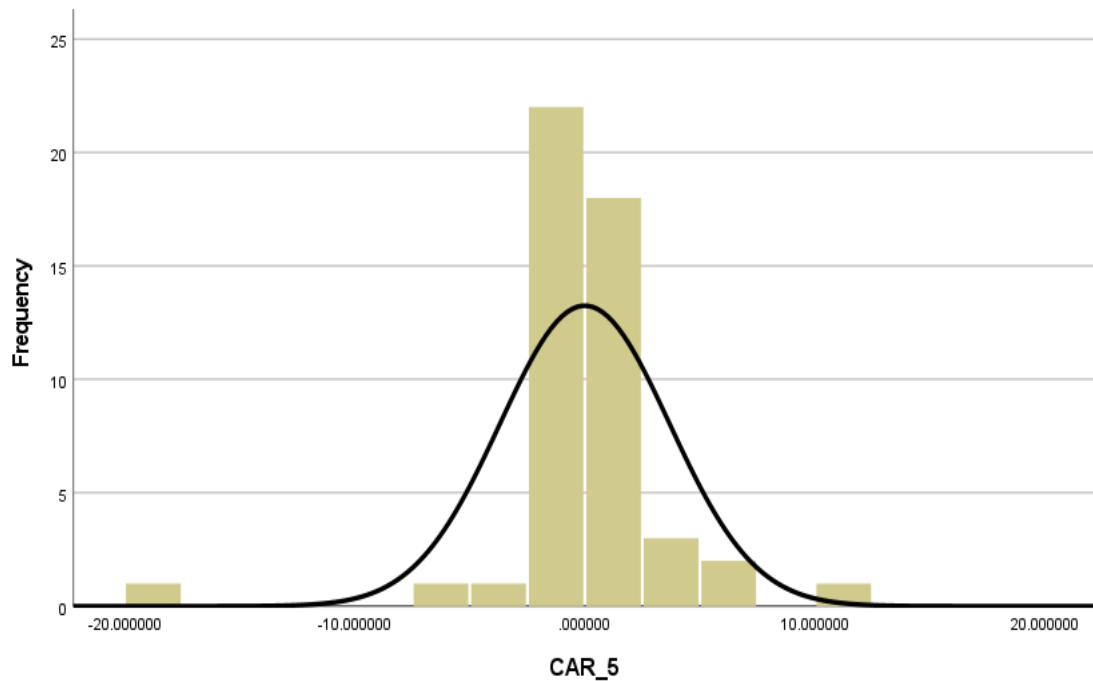
Figure 18. CAR on the termination of Nordic MNEs' IJVs.

The level of IPR protection is operationalized on a scale of 1–10, where one represents the weakest protection and ten the strongest. The strongest IPR protection level in the sample is 9.08, and the weakest is 2.78. The average for this variable is 5.85. In the sample for the second model of the dissertation, the clear majority of IJVs (36 IJVs) operated in HSCs with a strong IPR protection (ranked above 5.00), while only 13 IJVs operated in HSCs with weak IPR protection (ranked below 5.00). Figure 19 shows the graphical plot of HSCs' IPR protection in the second sample of the study.
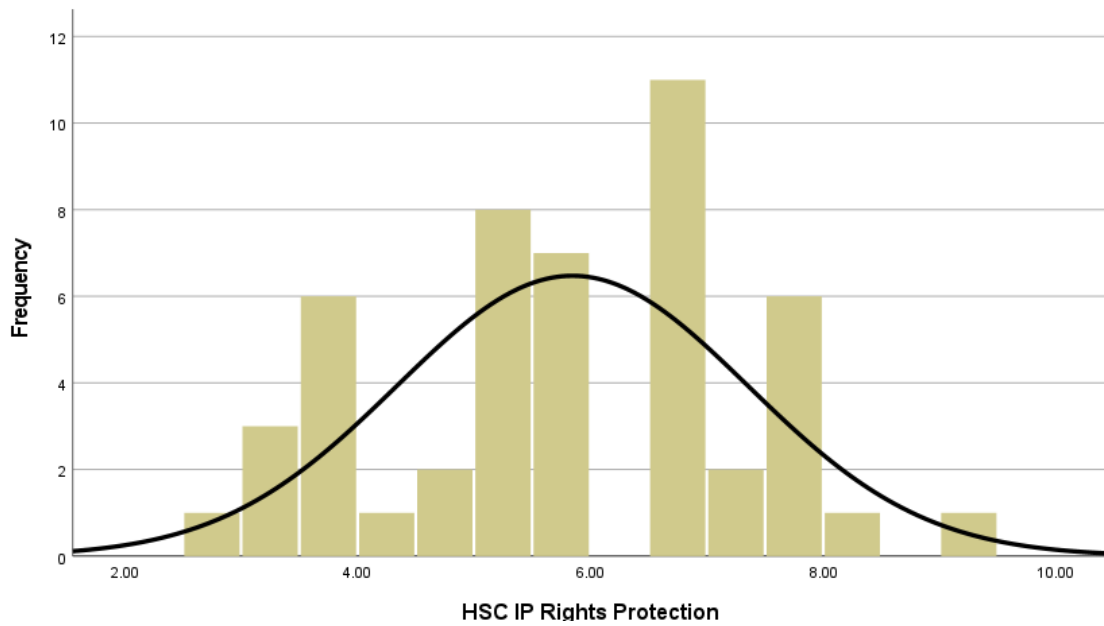
Figure 19. IPR protection in IJVs' HSCs.

Political stability in HSCs is operationalized on the 0 to 100 scale proposed by WGI. The greatest political stability among the sampled HSCs is 97.16, while the lowest is 1.89. The average index for this variable is 44.69. In this sample, 21 IJVs operated in politically stable HSCs (ranked above 50) and 28 IJVs in politically unstable ones (ranked below 50) (see Figure 20).
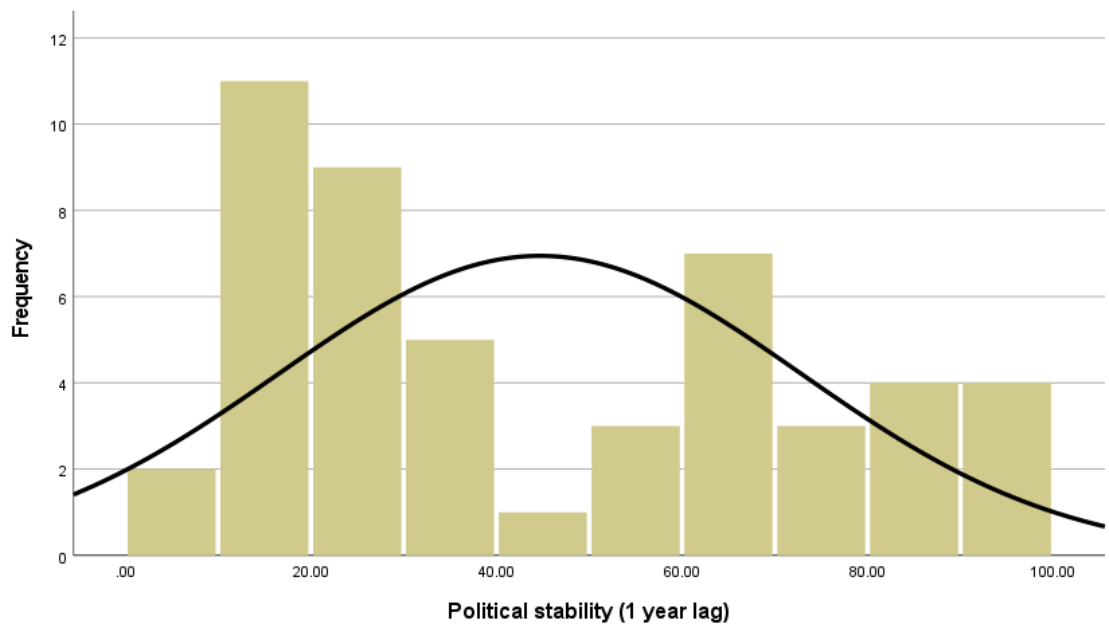
Figure 20. Political stability in IJVs' HSCs.

The HSC market size was operationalized as the annual real GDP growth percentage change in the HSCs hosting the sample IJVs. The highest real GDP growth reported in the sample is +12.7%, while the lowest is -11.2%. However, it should be mentioned that the real GDP growth is positive throughout the whole sample, apart from HSCs for three IJVs. Figure 21 depicts the graphical plot of real GDP growth in IJVs' HSCs in the second sample of the study.
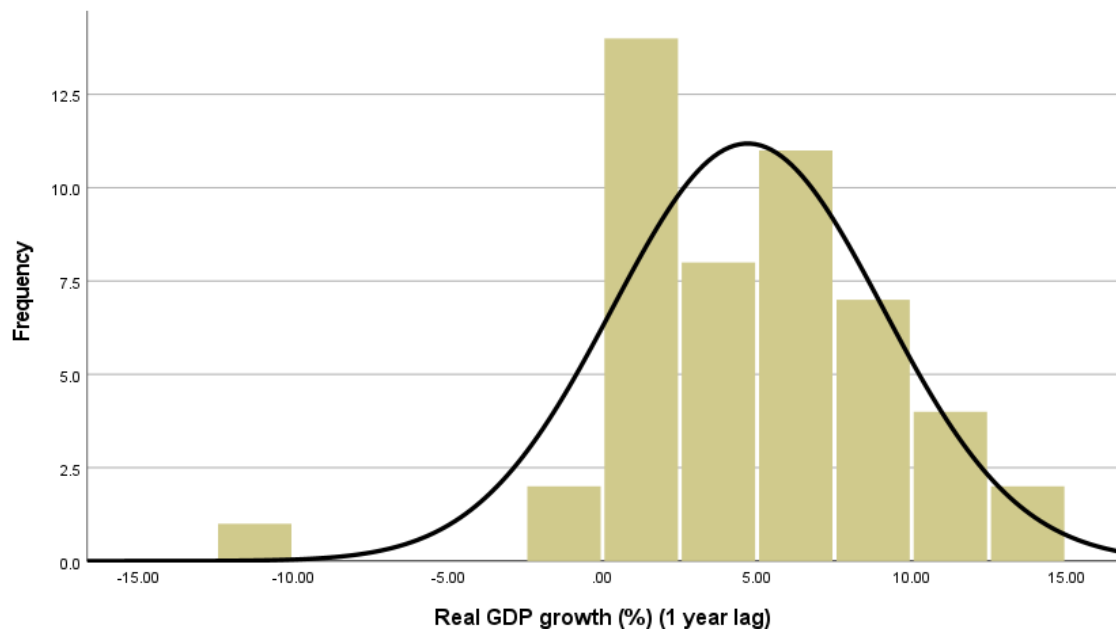
Figure 21. Real GDP growth (annual percentage) in IJVs' HSCs.

5.6 Validity and Reliability of the Study

The quality of the research data is typically measured via the four most-used tests: construct validity, internal validity, external validity, and reliability, each of which is explained below.

Construct validity refers to how accurately the operationalization measures the research concepts (Ghauri & Grønhaug, 2010). The dependent variables in this dissertation are IJVs' TM choices and parent-firm VC. Concerning the first variable, the current body of knowledge proposed a very limited number of operationalizations. Although some studies measure the TM selected for IJVs in a dichotomous manner (see Section 1.5), the measurement of the variable in a trichotomous way is considered suitable owing to the clear differences between the sell-off and the liquidation TMs. Secondly, prior research proposes many ways to measure how the stock market reacts to divestment, but the most commonly used is CAR, which is also implemented in this dissertation. Other variables are

operationalized following the existing literature (see Tables 7-11). Consequently, the construct validity of the dissertation is believed to be moderate.

Internal validity is the extent to which we can ensure that a certain relationship between dependent and independent variables is unaffected by other variables (Ghauri & Grønhaug, 2010). The dissertation analyzes the determinants of TM choices for IJVs and their consequent influence on parent-firm VC. Inter-variable correlation is checked through Pearson correlation analysis and the variance inflation factor (VIF) value. Based on the above, the internal validity is high.

The level of generalizability of the research setting is determined by external validity (Ghauri & Grønhaug, 2010). For this dissertation, the external validity is considered to be moderate. Previously developed hypotheses (see Section 4) are tested on the sample of IJVs terminated by Nordic MNEs worldwide. Nordic countries are SMOPECs (Laanti et al., 2009), so the current research results are expected to be generalizable across SMOPECs[2].

Reliability is seen as the stability of the data measurement (Ghauri & Grønhaug, 2010). The main source of the data is part of an external dataset of the International Business and Marketing research group of the University of Vaasa focused on IJVs. This dataset includes two surveys conducted in 2007 and 2013 and also the content of press releases, annual reports, and business magazines for the period 2013–2021. The additional secondary data was collected from OMX NORDIC 40, IMF, WGI, and EFW (see sections 5.3.2.-5.3.3). Therefore, since the data collection can be traced and repeated, it is possible to conclude that the reliability of the dissertation is higher than moderate.

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[2] – SMOPEC countries include Austria, Belgium, Denmark, Finland, Ireland, Israel, the Netherlands, New Zealand, Norway, Portugal, Sweden and Switzerland (Laanti et al., 2009).

6 RESULTS

This section reviews the analysis procedures and interpretation of the multinomial logistic regression and linear regression results. The section starts by presenting the statistical analysis methods used. Then, the descriptive statistic is explained. The next section provides a detailed discussion of the statistical effect of the determinants of the choice of TM for IJVs. The chapter ends by presenting the empirical results on the impact of TM choices on Nordic parent-firm VC.

6.1 Statistical analysis procedure

Two statistical analysis methods were used in this dissertation. For the model focused on the determinants of the choice of TM for IJVs (hereafter, Statistical Model 1), the dependent variable is trichotomous (i.e., the sell-off, liquidation, and acquisition TMs of IJVs) and, therefore, multinomial logistic regression (MLR) was used to analyze the effect of independent and control variables on the decisions of Nordic MNEs to choose a particular TM. MLR has frequently been used in the context of termination affecting both WOSs and IJVs (Damaraju et al., 2015; Parameswar et al., 2018; Rittippant & Rasheed, 2016; Ushijima & Iriyama, 2015). The flexibility of the MLR justifies using this statistical method, as it permits any mix of independent variables, including ordinal, nominal, and scale.

For the model focused on the VC linked to IJV TMs (hereafter, Statistical Model 2), the dependent variable is a scale (i.e., CAR on IJVs' TMs), and, thus, linear regression was utilized. For this model, I follow the standard event study methodology owing to the necessity to measure how the stock market reacts to the termination of Nordic IJVs'. According to the existing literature, the dissertation is based on the [-250, -50] estimation window and also [-5, +5], where 0 is the termination date of IJVs.

Table 14.   Correlation Matrix (Statistical Model 1).

Variables	VIF	Mean	S.D.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
1. Termination mode	-			1																		
2. Resource seeking motive	1.886	3	1.263	0.164	1																	
3. Market seeking motive	1.545	3.96	1.064	-0.297	0.1	1																
4. Efficiency seeking motive	1.750	2.89	1.273	-0.126	0.46	0.266	1															
5. Strategic asset seeking motive	1.647	2.61	1.197	-0.279	-0.318	0.23	-0.105	1														
6. Majority ownership	1.648	0.5	0.502	-0.09	0.197	-0.018	0.226	0.091	1													
7. Equal ownership	1.439	0.19	0.395	0.082	-0.077	0.017	-0.186	0.078	-0.49	1												
8. Minority ownership	1.412	0.3	0.463	0.028	-0.148	0.004	-0.087	-0.165	-0.668	-0.321	1											
9. Establishment mode	1.274	0.54	0.501	-0.26	-0.228	-0.015	-0.113	0.149	0.047	-0.139	0.068	1										
IJV relatedness	1.346	0.79	0.409	-0.111	0.335	0.114	0.231	-0.306	0.145	-0.167	-0.015	-0.097	1									
10. IJV age	1.345	1.84	1.119	0.298	0.095	-0.199	-0.202	-0.234	-0.195	0.027	0.189	-0.185	-0.138	1								
11. IJV performance	1.811	3.62	1.023	-0.469	-0.074	-0.084	-0.026	0.144	0.097	-0.104	-0.016	0.145	0.106	-0.021	1							
12. Perceived CD	1.684	2.97	1.051	-0.783	-0.051	0.3	0.278	0.197	-0.009	-0.126	0.117	0.286	0.075	-0.323	0.258	1						
13. Inter-partner conflict	2.651	2.13	1.084	0.326	0.098	0.063	0.088	-0.226	-0.142	0.187	-0.005	-0.152	-0.045	0.113	-0.613	-0.174	1					
14. Inter-partner opportunism	2.260	2.19	1.169	0.229	0.143	-0.056	0.137	-0.194	-0.198	0.129	0.105	-0.129	-0.097	0.127	-0.461	-0.058	0.648	1				
15. Political stability	2.170	51.97	27.843	-0.136	-0.349	-0.216	-0.223	0.261	-0.062	0.099	-0.017	0.155	-0.224	0.039	0.016	0.011	-0.077	-0.144	1			
16. HSC IP right	1.941	5.91	1.568	0.001	-0.34	-0.094	-0.149	0.196	-0.16	0.141	0.054	0.179	-0.247	0.097	-0.03	-0.074	0.017	-0.088	0.638	1		
17. HSC real GDP growth	1.460	4.63	4.023	-0.185	0.302	0.239	0.301	-0.053	0.247	-0.242	-0.062	-0.036	0.172	-0.234	0.019	0.215	-0.021	-0.095	-0.354	-0.265	1	
18. Target country experience	1.154	0.79	0.409	0.059	0	0.048	-0.065	0.106	-0.136	0.131	0.036	-0.05	-0.035	-0.18	-0.032	-0.126	-0.001	0.084	-0.027	0.074	-0.126	1

6.2 Descriptive statistics

Before running the statistical tests, a correlation analysis was conducted to identify any potential multicollinearity between the control and independent variables. Table 14 provides the descriptive statistics, correlation matrix, mean, and standard deviation for Statistical Model 1. The table shows that multicollinearity is somehow an issue in a few cases: minority ownership – majority ownership ($r \leq -0.60$); inter-partner conflict – IJV performance ($r \leq -0.60$); inter-partner conflict – inter-partner opportunism ($r > 0.60$), and HMC IPR – HMC Political stability ($r > 0.60$). Additionally, VIF coefficients were calculated for the Statistical Model 1. According to Johnston et al. (2018), the coefficients should not exceed the value of 2.5. However, as Table 14 depicts, some of the VIF values are over the recommended 2.5 (i.e., perceived CD variable), and, therefore, in order to avoid the issue of multicollinearity, the data was run in two sub-models (Gulati, 1995).

Table 15 reports the descriptive statistics, correlation matrix, mean, and standard deviation for Statistical Model 2. All of the bivariate correlations are below the 0.6 cut-off point. Additionally, VIF coefficients were also calculated for this statistical model. Since the highest VIF is 1.98 (political stability variable), it can be concluded that multicollinearity is not an issue for Statistical Model 2.

Table 15.   Correlation Matrix (Statistical Model 2).

	Variables	VIF	Mean	S.D.	1	2	3	4	5	6	7
1.	CAR (5 days)	-	-0.0035	3.6888	1						
2.	IJV divestment	1.175	1.49	0.505	-0.179	1					
3.	Political stability (1-year lag)	1.980	44.6874	28.1398	-0.134	0.051	1				
4.	HSC IP (exit year)	1.965	5.846	1.5096	-0.133	0.052	0.19	1			
5.	HSC real GDP growth (1-year lag)	1.145	4.6959	4.3693	-0.019	-0.194	-0.365	0.082	1		
6.	IJV age	1.286	3.18	1.667	-0.017	0.336	0.202	0.246	-0.265	1	
7.	Host-country experience	1.092	0.86	0.354	-0.037	-0.067	0.146	0.003	-0.115	-0.131	1

Robustness test

The Breusch-Pagan test was used to check data for robustness. The choice is due to the test's ability to assess if model errors are related to the model predictors (Fagbemi et al., 2019). This analytical tool allows us to test data for unobserved heteroskedasticity by analyzing the linear relationship between the aforementioned aspects (Astivia & Zumbo, 2019; Atanassov & Kim, 2009).

Appendix 3 includes detailed information on the Breusch-Pagan. The first column presents the results of the test for Statistical Model 1 and the second column for Statistical Model 2. The null hypothesis is rejected for Statistical Model 1 at a 5% level and Statistical Model 2 at a 10% level (i.e. Alpha level is above 0.05 and 0.1 respectively). Therefore, it can be concluded that the data is homoscedastic.

6.3   Determinants of TM choice for international joint ventures

Table 16 reports the multinomial logistic regression results on the determinants of the choice of TM for IJVs. Sub-model l includes the constructs encompassing resource-seeking motive, market-seeking motive, efficiency-seeking motive, strategic asset-seeking motive, equal ownership position, minority ownership position, IJV business relatedness, IJV age, IJV performance, inter-partner opportunism, HMC IP right, and prior target country experience. Sub-model 2 includes the constructs of majority ownership position, IJV establishment mode, perceived CD, inter-partner conflict, HSC political stability, HSC real GDP growth, and prior target country experience. Both sub-models related to Statistical Model 1 demonstrate the chi-square coefficient on a highly significant level proposing a good explanatory level of the sub-models. The pseudo-R-square values of both models (see Nagelkerke R^2 and Cox and Snell) show good predictive capability. It should also be mentioned that the regression was run twice to measure the influence of the determinants of the choice of TM. The first operation used the acquisition TM as the base category and the second used liquidation. The process made it possible to determine β-values and p-values for all independent variables in three parried comparisons: sell-off versus acquisition, liquidation versus acquisition, and sell-off versus liquidations (see Table 16).

Table 16.   Statistical analysis results for determinants of the choice of TM for IJVs.

	Sell-off vs Liquidation				Sell-off vs Acquisition				Liquidation vs Acquisition				TM Choice #1	TM Choice #2
	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE		
Main effect														
RM	-0.993	0.945			0.562	0.389			1.555	0.995			L	S
MS	-0.144	0.808			-1.281***	0.401			-1.137	0.834			A	L
ES	-0.707	0.549			-0.694*	0.312			0.012	0.565			L	A
SAS	1.178‡	0.742			-0.245	0.348			-1.423*	0.763			A	S
EO	4.361‡	2.439			1.048	0.818			-3.312	2.477			S	A
MIO	-1.213	1.371			-.507	0.860			0.705	1.346			L	A
BR	3.486	2.513			0.357	0.976			-3.129	2.422			S	A
IJV age	0.55	0.690			-0.780*	0.359			-1.330*	0.730			A	S
IJV perf	2.638*	1.121			-1.030**	0.384			-3.668***	1.138			A	S
IPO	0.415	0.642			-0.357	0.316			-0.772	0.632			A	S
HSC IP	1.267*	0.517			0.390‡	0.240			-0.877‡	0.524			S	A
MAO			-0.226	0.949			-3.420*	1.833			-3.194‡	2.014	A	L

	Sell-off vs Liquidation				Sell-off vs Acquisition				Liquidation vs Acquisition				TM Choice #1	TM Choice #2
	B	SE	B	SE	B	SE	B	SE	B	SE	B	SE		
EM			1.565	1.087			1.535	1.265			-0.029	1.554	S	A
PCD			-0.006	0.814			-5.362***	1.651			-5.356***	1.763	A	L
IPC			-0.648‡	0.381			0.896	0.655			1.544*	0.743	L	S
HSC PS			0.037*	0.018			-0.019	0.026			-0.056‡	0.030	A	S
HSC GDP			-0.058	0.071			-0.216	0.189			-0.158	0.199	A	L
Controls														
TCE	1.999	1.087	1.097	1.039	2.130*	0.944	1.858	1.405	4.215*	1.972	0.761	1.560		
Cox & Snell R²	0.601		0.709		0.601		0.709		0.601		0.709			
Nagelkerke R²	0.713		0.841		0.713		0.841		0.713		0.841			
Model χ²	96.394		129.655***		96.394		129.655***		96.394		129.655***			
-2 Log likelihood	194.360***		194.360***		194.360***		194.360***		194.360***		194.360***			

***-p≤.001; **-p≤.01; *-p≤.05; ‡ p≤.1; N=105

6.3.1   Main effect

IJV formation motives

Almost all variables associated with IJVs' formation motives received only partial support. The coefficients related to the resource-seeking motive show the preference of liquidation over sell-off and the acquisition TM choice, but none of the relationships are statistically significant. Therefore, **H1 is not supported**. As reported in sub-model 1, the market-seeking formation motive enhances the chances that Nordic MNEs would acquire but not sell-off and liquidate their IJVs. However, only the preference for acquisition over the sell-off TM was statistically significant (p≤0.001). Hence, **H2 is partially supported**.

Contrary to expectations, the results for H3 indicate that Nordic MNEs prefer to liquidate rather than sell off or acquire IJVs formed for efficiency-seeking purposes. However, it should be mentioned that only the preference for acquisition over the sell-off TM choice was statistically significant (p≤0.05). Therefore, **H3 is partially supported**. Finally, the results on the role of strategic asset-seeking motive in IJVs' TM choice propose the preference of acquisition over sell-off and the liquidation TMs. However, only the preference for acquisition over liquidation was found to be statistically significant (p≤0.1). The summary of findings related to IJVs' formation motives is presented in Table 17.

Table 17.   Summary of findings as to impact of IJVs' formation motives on IJVs' TM choice.

Variable	Choice #1	Choice #2	Choice #3	Result	Empirical support
Resource-seeking motive	Liquidation	Sell-off	Acquisition	Insignificant	Rejected
Market-seeking motive	Acquisition	Liquidation	Sell-off	Only **acquisition** over sell-off is statistically significant (p≤0.001).	Partially supported
Efficiency-seeking motive	Liquidation	Acquisition	Sell-off	Only **acquisition** over sell-off is statistically significant (p≤0.05).	Partially supported
Strategic asset-seeking motive	Acquisition	Sell-off	Liquidation	Only **acquisition** over liquidation is statistically significant (p≤0.1).	Partially supported

Parent-firm-level factors

The coefficients associated with IJV business relatedness to the parent firm are not significant in all of the models, and consequently, **H5a and 5b are not supported**. Additionally, although the coefficients related to the role of IJVs' establishment mode show the preference for sell-off over acquisition and the liquidation TMs, they are not significant. Therefore, **H6a and 6b are not supported**.

The results on the role of ownership position in TM choices for IJVs mainly ran contrary to the proposed hypotheses and recorded low statistical significance. The only exception is majority IJV. In line with the expectations, Nordic MNEs possessing the majority equity in IJVs tend to choose acquisition rather than the sell-off (p≤0.05) and liquidation (p≤0.1) TMs. Therefore, **H7a is supported**. Additionally, **H7b is not supported** as empirical results show that Nordic MNEs prefer to sell-off their IJVs rather than acquire (insignificant) or liquidate (p≤0.1) if the ownership position is equal. Furthermore, **H7c is not supported** as, contrary to expectations, Nordic MNEs prefer to liquidate their minority IJVs. However, the results on this variable are statistically insignificant. Finally, **H8 is supported,** indicating that the perceived CD during the lifetime of an IJV enhances the likelihood of an acquisition TM over the sell-off (p≤0.001) and liquidation options (p≤0.01). The summary of results related to parent-level determinants is presented in Table 18.

Table 18.   Summary of findings as to impact of parent-firm-level determinants on IJVs' TM choice.

Variable	Choice #1	Choice #2	Choice #3	Result	Empirical support
IJV business relatedness (related)	Sell-off	Acquisition	Liquidation	Insignificant	Rejected
IJV establishment mode	Sell-off	Acquisition	Liquidation	Insignificant	Rejected
Majority ownership position	Acquisition	Sell-off	Liquidation	Preference of **acquisition** over liquidation (p≤0.1) sell-off (p≤0.05)	Supported
Equal ownership position	Sell-off	Acquisition	Liquidation	Preference of **sell-off** over liquidation (p≤0.1) acquisition (insignificant)	Rejected

Variable	Choice #1	Choice #2	Choice #3	Result	Empirical support
Minority ownership position	Liquidation	Acquisition	Sell-off	Insignificant	Rejected
Perceived cultural distance	Acquisition	Liquidation	Sell-off	Preference of **acquisition** over liquidation (p≤0.01) sell-off (p≤0.001)	Supported

IJV-level factors

The coefficients associated with the IJV age of Nordic parents show the preference for acquisition over liquidation and sell-off. However, as depicted in sub-model 1, this preference is only moderately significant (p≤0.1). Therefore, **H9a is supported,** and **H9b partially supported**. In line with the predictions, the coefficient of the IJV performance variable is significant and shows that, for highly performing units, Nordic MNEs prefer to choose the acquisition TM rather than liquidation (p≤0.001) or sell-off (p≤0.01). Consequently, **H10a is supported**. Further, the results suggest that, for the poorly performing IJVs, Nordic MNEs prefer the liquidation TM over the acquisition (p≤0.001) and sell-off (p≤0.05) variants. Thus, **H10b is supported**. The results on IJV-level factors are summarized in Table 19.

Table 19.   Summary of findings as to impact of IJV-level determinants on IJVs' TM choice.

Variable	Choice #1	Choice #2	Choice #3	Result	Empirical support
IJV age (mature)	Acquisition	Sell-off	Liquidation	Preference of **acquisition** over liquidation (p≤0.1) sell-off (p≤0.1)	Supported
IJV performance (high)	Acquisition	Sell-off	Liquidation	Preference of **acquisition** over liquidation (p≤0.001) sell-off (p≤0.01) and sell-off over liquidation (p≤0.05).	Supported

Inter-partner level factors

The coefficients associated with the role of inter-partner conflict in the choice of TM for IJVs show that Nordic MNEs tend to liquidate IJVs but not to sell-off and acquire, with a significance level of p≤0.05. It should be noted that the second

preference of sell-off over acquisition is also statistically significant but only on the p≤0.1 level. Thus, **H11 is supported**. The signs associated with the coefficient of inter-partner opportunism lead to the preference of the acquisition TM choice over liquidation and sell-off but none of the three parried comparisons are statistically significant. Therefore, **H12 is not supported**. The results related to IJV-level factors are summarized in Table 20.

Table 20.   Summary of findings on the impact of inter-partner level determinants on the choice of TM for IJVs.

Variable	Choice #1	Choice #2	Choice #3	Result	Empirical support
Inter-partner conflict	Liquidation	Sell-off	Acquisition	Preference of **liquidation** acquisition over (p≤0.05) sell-off (p≤0.05)	Supported
Inter-partner opportunism	Acquisition	Sell-off	Liquidation	Insignificant	Rejected

Host country-level factors

Although the signs associated with the coefficient of HSC economic growth leads to the preference of the acquisition TM over liquidation and sell-off, none of the three parried comparisons are statistically significant. Therefore, **H13 is not supported**. The coefficient related to political stability depicts the preference for the acquisition TM over liquidation and sell-off, but the only preference for acquisition over liquidation is statistically significant (p≤0.05). Additionally, the results reveal that Nordic firms would rather choose the sell-off TM over liquidation (p≤0.1) in politically stable HSCs. However, H14 proposed that Nordic MNEs would liquidate their IJVs but not sell-off or acquire them if target markets were politically *unstable*. Thus, since both parried comparisons involving the liquidation TM are statistically significant, **H14 is supported**.

Finally, H15 proposed there would be a preference for the acquisition TM over the sell-off and liquidation TMs if HSC IPR protection were weak. However, contrary to expectations, the HSC IP coefficient in Table 16 shows a preference for sell-off over liquidation (p≤0.05) and acquisition (p≤0.1) in an HSC with high levels of IP rights protection mechanisms. Additionally, the paired comparison between IJV liquidation and acquisition shows the preference of acquisition TM choice (p≤0.1). Therefore, Nordic MNEs would choose to acquire IJVs in HSC with weak IPR protection. Consequently, **H15 is supported**. The results related to HSC-level factors are summarized in Table 21.

Table 21.   Summary of findings on the impact of HSC-level determinants on the choice of TM for IJVs.

Variable	Choice #1	Choice #2	Choice #3	Result	Empirical support
HSC economic growth (high)	Acquisition	Liquidation	Sell-off	Insignificant	Rejected
HSC risk (low)	Acquisition	Sell-off	Liquidation	Preference for **acquisition** over liquidation ($p \leq 0.05$) and **sell-off** over liquidation ($p \leq 0.1$)	Supported
HSC IP right protection (high)	Sell-off	Acquisition	Liquidation	Preference for **acquisition** over liquidation ($p \leq 0.1$) and **sell-off** over liquidation ($p \leq 0.05$) and acquisition ($p \leq 0.1$)	Partially supported

6.3.2   Control effect

The control effect was tested for each sub-model and each mode comparison level (i.e., sell-off versus liquidation, sell-off versus acquisition, and liquidation versus acquisition). The results for sub-model 1 show that Nordic MNEs' experience in the target countries increases the chances of the liquidation TM over sell-off and acquisition, but only the preference for sell-off over acquisition and liquidation over acquisition were statistically significant at the $p \leq .05$ level. Target country experience in sub-model 2 shows the preference for the sell-off over the liquidation and acquisition TMs, but none of the relationships are statistically significant.

6.4 Value creation attributable to IJV termination modes

Table 22 reports the linear regression results on the impact of TM choices on parent-firm VC. Sub-model l includes the constructs of IJV divestment, HSC variables (IPR protection, political risk, economic growth), and control variables (IJV age, HSC experience). Sub-model 2 includes IJV divestment, the moderating effect with HSC variables, and control variables. The linear regression results are interpreted in β-values coefficients where positive coefficients signal an increase in CAR and negative ones a decrease. Table 22 presents the linear regression results for CAR [-5;+5] and the model fit information.

Table 22.   Statistical analysis results for the impact of TM choice on parent-firm VC.

	Sub-model 1		Sub-model 2	
	B	SE	B	SE
Main effect				
IJV divestment	-1.581‡	1.074	7.005**	2.232
HSC IP	-.872‡	.457		
HSC PS	-.057*	.025		
HSC GDP	.049	.122		
Moderation effect				
Divestment×HSC GDP			.031	.068
Divestment×HSC IP			-1.016***	.256
Divestment×HSC PS			-.050***	.015
Controls				
HCE	-2.494	1.55	-2.757	1.448
IJV age	-.06	.089	-.056‡	.084
Constant	12.905**	4.215	5.223*	2.054
Model F-value	1.827‡		3.297**	
R^2	.215		.32	
***-p≤0.001; **-p≤0.01; *-p≤0.05; ‡ p≤0.1; N=49				

6.4.1   Main effect

The linear regression proposes that IJV divestment is statistically significant in both models. However, the sub-models offer contradictory results on this variable. The coefficient in sub-model 1 shows that the stock market reacts negatively to the divestment of IJVs headquartered in Nordic countries ($p \leq 0.1$). However, sub-model 2 depicts contrasting results indicating that IJV divestment increases the value of Nordic parents ($p \leq 0.01$). This inconsistency of the results leads to the conclusion that neither **H16 nor H17 is supported.**

6.4.2   Moderating effect

In addition to analyzing the main effect of IJVs' divestments and acquisition on Nordic parent-firm VC, the current research also addressed the moderating role of HSC IPR, political risk, and economic growth on the above effect.

Sub-model 2 in Table 22 includes the results on the moderating role of the HSC economic growth variable. The results related to H18 indicate that IJVs divested from HSCs with a high economic growth would positively influence parent-firm VC. However, that variable is statistically insignificant. Therefore, **H18a and H18b are not supported**.

Hypothesis 19a predicted a positive moderating of HSC political risk for IJV divestment, and H19b a negative one for IJV acquisition. The coefficient for the interaction term Divestment×HSC PS is negative and statistically significant (p≤0.01). However, since the variable is operationalized as political stability (see Section 5.2.2. for a detailed review), the results should be considered in line with the hypotheses. Accordingly, both **H19a and H19b are supported**.

Finally, Hypothesis 20 predicts that the HSC IPR protection variable would positively impact the relationship between IJV divestment and parent-firm VC and negatively impact the relationship between IJV acquisition and parent-firm VC. The moderation term Divestment×HSC IP coefficient is positive and significant at the p≤0.001 level. Therefore, both **H20a and H20b are supported**. The results on the relationship between IJV termination and parent-firm VC are summarized in Table 23.

Table 23. Summary of findings as to impact of IJVs' divestment on parent-firm' VC.

Variable	VC	Result	Empirical support
IJV divestment	Mixed		Rejected
IJV divestment & HSC economic growth (high)	Positive	Insignificant	Rejected
IJV divestment & HSC risk (low)	Negative	High HSC risk **positively** moderates IJV divestment – parent-firm VC relationship (p≤0.001)	Supported
IJV divestment & HSC IP right protection (high)	Negative	High HSC IPR protection **negatively** moderates IJV divestment – parent firm VC relationship (p≤0.001)	Supported

6.4.3 Control effect

Among the two control variables tested in linear regression analysis, HSC experience was negatively associated with Nordic parent-firm VC. However, this variable is statistically insignificant in both sub-models. The impact of the IJV age variable is found to impact Nordic MNEs' VC negatively, but the variable is statistically significant only in sub-model 2 (p≤0.1).

7 DISCUSSION AND CONCLUSION

This chapter presents the study's empirical results and compares them with existing studies. Additionally, the author identifies theoretical and empirical contributions. Further, the managerial implications of the project are also discussed below. Finally, the limitations of the dissertation and direction for future investigations are presented.

7.1   Summary of findings

This research investigates the determinants of the choice of TM for IJVs and the consequent influence on parent-firm VC. The empirical results are based on a sample of 105 IJVs headquartered in Nordic countries (i.e., Denmark, Finland, Norway, and Sweden). Both findings associated with the determinants and VC aspects are summarized in this sub-section.

7.1.1   Summary of results of determinants of IJVs' TM choice

IJV formation motives

Three of the IJV formation motives variables received significant support. In line with expectations, the coefficient associated with the **resource-seeking-motive** (H1) leads to the choice of the liquidation TM, but none of the coefficients were statistically significant. Further, as hypothesized, the **market-seeking motive** (H2) intensifies the chances of an acquisition TM choice. These findings support the TCT arguments that the main contribution of local partners is knowledge of the target market (Puck et al., 2009). However, once a foreign partner acquires market knowledge, the necessity of the partnership vanishes, and MNEs tend to convert IJVs into WOSs. It should be mentioned that the preference for acquisition over the liquidation TM is moderately significant.

The empirical analysis also moderately supports the impact of the **efficiency-seeking motive** (H3) on MNEs' TM choice. This result aligns with the TCT and ROV predictions that foreign firms tend to acquire IJVs once they can access the assets and networks (e.g., cheap labor and natural resources) typically provided by local partners (Nyuur & Debrah, 2014). Further, the **strategic asset-seeking motive** (H4) determinant provides a moderately significant prediction that Nordic MNEs would choose to acquire their IJVs. The result aligns with the RBV and ROV predictions that the conversion of strategic asset-seeking IJVs is driven

by the competitive advantages protection tensions and is fueled by positive target market signals.

Parent-firm-level factors

Four parent-firm-level hypotheses were proposed; surprisingly, only two received support. First, contrary to expectations, **related IJVs** (5a) and **unrelated IJVs** (5b) enhanced the likelihood of the sell-off and liquidation TM options, respectively. However, all of the results were statistically insignificant. A possible explanation for these counterintuitive findings lies in the changes of parent firms' corporate strategy. As some of the studies claimed, sell-off of the assets is seen as an strategic tool allowing to reconfigure resources within the corporate portfolio (Feldman et al., 2016). Therefore, by selling related IJVs, MNEs can remove business affiliates which are no longer relevant and not aligned with the parent firms' objectivs.

It was also observed that Nordic MNE **greenfield IJVs** (6a) prefer the liquidation TM and **acquisition IJVs** (6b) the sell-off TM. However, none of the coefficients was statistically significant. These are the interesting results which contradict to the prior findings (e.g. Steensma et al., 2008). In essence, TCT stress that MNEs invest parent-firm related assets to greenfield IJVs but not to IJVs established via acquisitions. Therefore, MNE would tend to acquire greenfield IJVs to safeguard their specialized assets (Steensma et al., 2008), while the preferred TM for IJVs established by partial acquisition would be sell-off as MNEs can fairly easy repackage such subsidiaries for the further sales (Chang & Singh, 1999).

Further, the empirical analysis supports the influence of majority ownership position on MNE's TM choice. The results align with TCT predictions that MNEs tend to acquire their **majority IJVs** (7c) owing to the strategical significance of such units and MNE's sufficient contribution of resources (Hennart & Zeng, 2005). However, contrary to TCT predictions, this dissertation does not support hypotheses related to minor and equal ownership position. In fact, **equal IJVs** (7b) and **minority IJVs** (7a) were found to enhance the chances of the sell-off TM and liquidation TMs, respectively. It should also be mentioned that only the preference for sell-off over liquidation in equal IJVs was statistically significant. These results are surprising and somewhat parallel those of Konara et al. (2020), who suggested a preference for termination over survival in equal IJVs. However, since this variable was only moderately significant in just one of three parried comparisons (see Table 16), this finding should be interpreted with caution. Future research could test the potential moderating/interaction effect on the relationship between IJV ownership position and the TM choice for IJVs. The findings of this dissertation confirm that Nordic MNEs' **perceived CD** (H8) enhances the

chances of the acquisition TM choice being pursued. These results align with the TCT view that MNEs tend to convert their IJVs once the distance between foreign firms and HSC business culture diminishes.

IJV-level factors

All of the hypotheses at the IJV level were at least moderately supported. As expected, the **mature IJVs** determinant (9a) intensifies the chances of IJVs' acquisitions. Further, although the coefficients show that MNEs prefer to sell **young IJVs** (9b), only the sub-model comparing sell-off and acquisition was statistically significant.

The preference of Nordic MNEs to liquidate **poorly performing IJVs** (10a) received support. Although the preference for the liquidation TM over a sell-off one was only moderately significant, this dissertation confirms the argumentation of the ROV; a poorly performing affiliate signals fewer opportunities in the target market. Additionally, the **highly performing IJV** (H10b) determinant indicates significant support for the supposition that Nordic MNEs would choose to acquire their IJVs.

Inter-partner level factors

Half of the inter-partner level factors used in this research received support. The results of this dissertation confirm that Nordic MNEs experiencing **inter-partner conflicts** (H11) would choose to liquidate their IJVs. This finding is consistent with the TCT view that conflict escalates control costs, which makes further partnerships unprofitable and sometimes even harmful. According to the expectations, the coefficient associated with **inter-partner opportunism** (H12) leads to the choice of the acquisition TM. However, the choice was insignificant in all of the sub-models.

HSC-level factors

Moreover, according to the expectations **HSC economic growth** (H13) predicted the choice of TM for IJVs but non-significantly. The result aligns with the ROV argument that the increased market attractiveness enhances the chances that foreign firms convert their IJVs to WOSs (Iriyama & Madhavan, 2014). The coefficient related to **HSC political risk** (H14) was significant and showed a preference for the liquidation TM choice. This finding is consistent with the TCT proposition that maintenance and operation costs outweigh profitability in HSCs associated with high risk.

Finally, **HSC IPR** (H15) significantly impacts the choice of TM for IJVs. Although the author finds support for MNE's preference of acquisition TM choice over sell-off if HSC IPR protection is weak, generally, the impact runs counter to that predicted. Therefore, Nordic MNEs would be more eager to liquidate IJVs in such HSC conditions. This result casts doubt on the findings of Reuer and Tong (2005) that weak IPR protection spurs the acquisition TM choice. That can perhaps be explained by the nature of the partner, which lies outside the scope of the current research. Prior research accentuates how a stated-owned local partner can help overcome HSC regulation issues (Fernández-Méndez et al., 2019) but can also disproportionately impact the strategy and operation of an IJV (Steensma & Lyles, 2000), which can sorely hinder the partnership and the overall operation in the HSC. A summary of the findings on the determinants of the TM choice for IJVs is presented in Table 24.

Table 24.   Summary of findings as to the determinants of TM choice for IJVs.

H#	Determinant	Theoretical rationale	Expected TM	Result
IJV formation motives				
1	Resource-seeking motive	TCT	L	Not supported
2	Market-seeking motive	TCT	A	Partially supported
3	Efficiency-seeking motive	TCT & ROV	A	Partially supported
4	Strategic asset-seeking motive	RBV & ROV	A	Partially supported
Parent firm-level factors				
5a	Related IJVs	TCT & RBV	A	Not supported
5b	Unrelated IJVs	RBV	S&L	Not supported
6a	Greenfield establishment mode	TCT	A	Not supported
6b	Acquisition establishment mode	TCT	S	Not supported
7a	Minor ownership position	TCT	S	Not supported
7b	Equal ownership position	TCT	L	Not supported
7c	Major ownership position	TCT	A	Supported
8	Perceived CD	TCT	A	Supported
IJV-level factors				
9a	Mature IJVs	ROV	A	Supported
9b	Young IJVs	RBV	S	Partially supported
10a	Poor IJV performance	RBV & ROV	L	Supported
10b	High IJV performance	RBV & ROV	A	Supported
Inter-partner level factors				
11	Inter-partner conflict	TCT	L	Supported
12	Inter-partner opportunism	TCT	A	Not supported
Host country-level factors				
13	HSC economic growth	ROV	A	Not supported
14	HSC political risk	TCT	L	Supported
15	HSC IPR protection	ROV	A	Partially supported

A-acquisition, L – liquidation, S – sell-off.

Comparison of the findings of this dissertation with those in existing studies

This dissertation also provides a comparison of the findings with the prior literature. Table 25 includes the comparison between the results of this study and those of Konara et al. (2020), Mata and Portugal (2015), Reuer (2002), and Steensma et al. (2008). There were a few reasons for the choice of the studies mentioned above. First, all the chosen articles focus on at least one choice of TM for IJVs. As described in Chapter 1, most past studies compare IJV TMs against survival instead of comparing the TMs against each other. The lack of articles focusing on the latter prompted the inclusion of the results of Konara et al. (2020) and Mata and Portugal (2015) in Table 25. In their investigations, the latter two studies used IJV survival as a reference category. Second, all the studies listed in Table 25 include determinants from at least two level factors. Therefore, they attempt to provide a holistic view of the phenomena of the choice of TM for IJVs. Additionally, it should be mentioned that Table 25 does not include results on IJV formation motives because the current work is the first to investigate IJV establishment motives as determinants of TM choice. Consequently, the comparison was simply not possible.

This dissertation's results have similarities and dissimilarities with the existing literature. First, although the findings are statistically insignificant for the majority of parent-firm-level factors (i.e., IJV relatedness, IJV establishment mode, and ownership position), they are consistent with the current body of knowledge. However, there were a few exceptions. First, this study found that greenfield IJVs have an insignificant impact on the liquidation TM choice, a finding that aligns with Mata and Portugal (2015) but contradicts Steensma et al. (2008). Second, similarly to Mata and Portugal (2015) and Reuer (2002), this dissertation provides support for the impact of majority IJV on MNE's decision to acquire IJV. Additionally, the present research stresses the influence of the equal ownership position on the sell-off TM, consistent with Konara et al. (2020) but running counter to Reuer (2002). Further, the findings herein on perceived CD support those of Reuer (2002) but contradict those of Konara et al. (2020).

The findings on IJV-level factors almost completely align with the existing literature. Thus, the results on high IJV performance are consistent with the current body of knowledge (i.e., Steensma et al., 2008). The results on the age of the IJV variable are almost in line with Mata and Portugal (2015). The only difference is related to the impact of young IJVs on the TM choice. Whereas this dissertation reports that the *young IJV* variable enhances the chances of the sell-off TM choice over liquidation, Mata and Portugal (2015) found the influence of

the variable on IJV liquidations. However, it should be stated that the explanatory power of the young-IJV determinant on MNEs' preference between the sell-off and liquidation TMs was statistically insignificant. That, and the fact that the research design of Mata and Portugal (2015) reflected IJV TMs against survival, might explain the contrasting findings.

Further, the result of inter-partner conflict from inter-partner level factors was opposite to the one reported by Steensma et al. (2008). However, while this dissertation investigates the direct impact of conflicts on TM choices for IJVs, Steensma and colleagues (2008) reported the results of inter-partner conflict interacting with knowledge acquisition. Additionally, Steensma et al. (2008) did not consider the liquidation TM for IJVs and reported findings contrasting with those reported here. This aspect could skew the results and stresses the need to include all three termination modes in the research design.

The result on HSC political risk from HSC-level factors somewhat contradicts existing literature. However, unlike those of both Konara et al. (2020) and Reuer (2002), the findings of the current dissertation are statistically significant. The differences in the findings can partly be explained by the research design. First, unlike Konara et al. (2020), who focused only on IJVs based in China, this dissertation does not limit the sample based on the HMC origin. Additionally, while the current research compares IJVs' TMs between each other, Konara et al. (2020) used IJV survival as a reference category, which could skew the results. Finally, Reuer (2002) investigated IJVs headquartered in developed markets, which could influence the finding on the HSC political risk variable, for example.

Table 25.   Comparison of determinants of IJVs' TM choice finding studies with the present study.

	Present study	Konara et al. (2020)	Mata and Portugal (2015)	Steensma et al. (2008)	Reuer (2002)
Research design	S versus. L versus. A	S&L versus. Su, and A versus. Su	S versus. Su, L versus. Su and A versus. Su	S versus. A	S versus. A
Parent-firm-level factors					
Related IJVs	$A^{(0)}$	A	n.i.	n.i.	A
Unrelated IJVs	$L^{(0)}$	n.i.	n.i.	n.i.	S
Greenfield establishment mode	$L^{(0)}$	n.i.	L	A	n.i.

	Present study	Konara et al. (2020)	Mata and Portugal (2015)	Steensma et al. (2008)	Reuer (2002)
Research design	S versus. L versus. A	S&L versus. Su, and A versus. Su	S versus. Su, L versus. Su and A versus. Su	S versus. A	S versus. A
Acquisition establishment mode	S[(0)]	n.i.	[(0)]	S	n.i.
Minor ownership position	L[(0)]	n.i.	S	n.i.	S
Equal ownership position	S	S&L	n.i.	n.i.	A
Major ownership position	A	n.i.	A	n.s.	A
Perceived CD	A	S&L	n.i.	n.i.	A
IJV-level factors					
Mature IJVs	A	n.i.	A	n.i.	n.i.
Young IJVs	S*	n.i.	L	n.i.	n.i.
Poor IJV performance	L	n.i.	n.i.	n.i.	n.i.
High IJV performance	A	n.i.	n.i.	A	n.i.
Inter-partner level factors					
Inter-partner conflict	L	n.i.	n.i.	A[1]	n.i.
Inter-partner opportunism	A[(0)]	n.i.	n.i.	n.i.	n.i.
Host country-level factors					
HSC economic growth	A[(0)]	n.i.	n.i.	n.i.	n.i.
HSC political risk	L	S&L[(0)]	n.i.	n.i.	S[(0)]
HSC IPR protection	L	n.i.	n.i.	n.i.	n.i.

S-sell-off, L-liquidation, A-acquisition, T – termination, Su – survival, n.i. – no information, *-partially supported, [1] - interaction with knowledge acquisition, [(0)]- not significant.

7.1.2   Summary of results of TM impact on parent-firm VC

Direct effect

The current research suggests interesting results on the impact on parent-firm VC of the TM applied to **IJVs** (H16–17). The findings are significant in both sub-models (see Table 22); however, the coefficients are different, showing that divestment of IJVs influences parent-firm VC negatively in sub-model 1 and positively in sub-model 2. These results support the notion that, per se, IJVs' termination/divestment cannot sufficiently explain parent-firm VC, which is somewhat consistent with the existing literature (Meschi, 2005; Reuer, 2000).

Moderating effect

Only **HSC economic growth** (H18) is not statistically significant among all the moderating variables. Therefore, similarly to Reuer (2001), the current project does not provide any support for the moderating effect of HSC economic growth on the relationship between IJV divestments and parent-firm VC (H18a) and the IJV acquisition / parent-firm VC one (H18b). However, this dissertation indicates the moderating effect of **HSC political risk** (H19) on the impact of IJVs' termination on parent-firm VC. Specifically, in line with the ROV, Nordic MNEs were found to observe market signals and divest their IJVs if the political risk is high in the HSC (H19a) or to convert IJVs to WOSs if the political risk is low in the HSC (H19b).

Finally, H20 claims a negative moderating influence of **HSC IPR protection** on the impact of IJVs' divestment on parent-firm VC (H20a) and a positive one on the impact of IJV acquisition on parent-firm VC (H20b). If we leave out the mismanagement aspect that was occasionally reported in the existing studies (e.g., Ogasavara & Hoshino, 2008; Reuer, 2001), this moderating role of HSC IPR protection is in line with ROV propositions that MNEs would maintain an IJV for as long as it is the best option for the parent firm. A summary of the findings on the impact of IJV TMs on parent-firm VC is presented in Table 26.

Table 26.   Summary of findings on how the choice of TM for IJVs impacts parent-firm VC.

H#	Determinant	Theoretical rationale	Expected sign	Result
Direct effect				
16	IJV Divestment	RBV	-	Not supported
17	IJV Acquisition	RBV	+	Not supported
Moderating effect				

H#	Determinant	Theoretical rationale	Expected sign	Result
18a	Divestment×HSC economic growth	ROV	-	Not supported
18b	Acquisition×HSC economic growth	ROV	+	Not supported
19a	Divestment×HSC political risk	TCT	+	Supported
19b	Acquisition×HSC political risk	TCT	-	Supported
20a	Divestment×HSC IP right protection	ROV	-	Supported
20b	Acquisition×HSC IP right protection	ROV	+	Supported

Unlike in Section 7.1.1, the finding comparison table is not presented. There are two reasons for that. First, the prior studies were mainly interested in the role of endogenous factors in the IJVs' TM – parent-firm VC relationship (Meschi, 2005; Reuer, 2000), while the variables used in this dissertation are exogenous. Second, with a few exceptions (Reuer, 2001), the current body of knowledge is not focused on the moderating effect in the context of the relationship mentioned above. Accordingly, comparing this work with the existing literature would be very problematic. Additionally, the majority of divestment/termination studies in the context of IJVs do not investigate the direct impact of a TM on parent-firm VC; instead, they usually focus on the particular role of the determinants on the impact of IJVs' divestment/termination on parent-firm VC (e.g., Kumar, 2005). The information above indicates that comparing the current work and existing literature would be impossible.

7.2 Contributions of the Dissertation

7.2.1   Theoretical Contributions of the Dissertation

The current project examines the determinants of choices around the TM for IJVs and the consequent parent-firm VC. The dissertation provides a holistic view of the phenomena. First, the research broadens our understanding of both factors impacting TM choice and the consequences of IJVs' termination for parent-firm by investigating them in the same sample. Further, unlike most existing studies, which compared IJV TMs with survival, the current work investigates the impact of the determinants on the choice of the acquisition, sell-off, and liquidation TMs for IJVs. That research design permits a more accurate explanation of the factors influencing the particular TM preference.

Additionally, the classification and analysis of the determinants were performed for four level factors: parent firm, IJV, inter-partner, and HSC. This dissertation comprehensively analyzes the determinants associated with both exogenous and endogenous risks and empirically tests their role in the choice of TM for IJVs. It

should also be mentioned that, to the best of my knowledge, no published research focuses on the role of IJV formation motives on that choice, and consequently, this is the first research empirically testing the impact of the motives.

Another theoretical contribution involves the combination of theories in the study's conceptual model. This dissertation is based on TCT, the RBV, and ROV. The theories provide complementary predictions (Villalonga & Mcgahan, 2005), which allowed us to analyze a complicated multi-level construct. However, although prior IB articles have called for attention to the combined theories method (Dikova & Brouthers, 2016), there are only a few studies on TMs for IJV applying that method (Dhir & Sushil, 2017; Konara et al., 2020; Mata & Portugal, 2015). This dissertation applies a combination of theories for four variables. The hypotheses related to IJV performance and strategic asset-seeking IJVs were based on the RBV and ROV. Additionally, the combination of TCT with the RBV formed the basis of the discussion on the impact of related IJVs on TMs chosen for IJVs. Finally, TCT was combined with the ROV for investigation, revealing how the efficiency-seeking IJV formation motive influences TM choices for IJVs. Except for the resource-seeking formation motive and related IJVs, all the hypotheses proposed were statistically significant. Accordingly, the combined theories method applied in this dissertation has facilitated its significant contributions to the literature on IJV termination.

Finally, this dissertation contributes to the existing literature by investigating the moderating effect of the exogenous factors on the impact of IJVs' TMs on parent-firm VC. Although the prior research tried to examine the moderating role of some factors, only Reuer (2001) investigated exogenous aspects but focused on IJV acquisitions alone, while this dissertation investigates IJV divestments and acquisitions together. The empirical results reveal a significant moderating influence of HSC political risk and HSC IPR protection on the influence of the choice of TM for IJVs on parent-firm VC. Therefore, it can be claimed that both the TCT and ROV variables exhibit explanatory power in the relationship between IJVs' TMs and parent-firm VC.

7.2.2   Empirical Contributions of the Dissertation

First, prior research on TM choices for IJVs focused on developed HSCs (e.g., Dhanaraj & Beamish, 2009; Hennart & Zeng, 2002; Ogasavara & Hoshino, 2008) or a broad variety of HSCs (Konara et al., 2020; Puck et al., 2009; Steensma et al., 2008). However, this dissertation is based on the IJVs headquartered in the Nordic countries of Denmark, Finland, Norway, and Sweden. These countries are SMOPEC economies, a category that also includes Austria, Belgium, Ireland,

Israel, the Netherlands, New Zealand, Portugal, and Switzerland (Merrett, 2002). Since SMOPEC country enterprises face similar challenges in the internationalization process (Laanti et al., 2009), it can be argued that they would also face similar challenges in the TM choice process. Therefore, this dissertation enhances the understanding of the determinants of the choice of TM for IJVs made by Nordic MNEs, which can be generalized to SMOPEC markets.

Second, the previous research is extended by the empirical verification of the role of both exogenous and endogenous determinants in the acquisition, sell-off, and liquidation TM options for IJVs. Considering that some studies focus solely on exogenous (e.g., Steensma et al., 2008) or endogenous (e.g., Nyuur & Debrah, 2014) aspects of TM choices for IJVs, investigating exogenous and endogenous determinants within the same sample is an important contribution to the existing literature. Further, this dissertation has also tested the moderating potential of exogenous determinants in the relationship between IJVs' TM and parent-firm VC. Surprisingly, only Reuer (2001) tested the abovementioned determinants, but unlike this dissertation, his research focused only on IJV acquisition.

Finally, the dissertation uses the same sample to analyze both determinants of the choice of TM for IJVs and the consequent parent-firm VC. However, as stated in Chapter 5.2., the impact of TMs on parent-firm VC is tested based on the smaller sample (49 IJVs) owing to the need to focus only on publicly listed MNEs. To the best of my knowledge, very few studies investigate determinants and VC in the same sample, and those that do, focus on domestic samples (Ushijima & Iriyama, 2015). Therefore, the current project enhances our understanding of both the determinants and consequences of the TM applied to IJVs.

7.3 Managerial Implications

Alongside its contributions, this dissertation also offers useful implications for managers of Nordic MNEs that must terminate their IJVs. First, the dissertation is among the first works to include the role of IJV formation motives in IJVs' TM choice. Although not all the hypotheses focused on IJV formation motives received full support, there are a few interesting results to note. For example, the results reveal that both market-seeking and efficiency-seeking IJVs intensify the chances of an acquisition TM over a sell-off option, although the impact of the market-seeking motive is more statistically significant. Additionally, when forced to choose between the liquidation and acquisition TMs for strategic asset-seeking IJVs, Nordic MNEs prefer the acquisition form. Therefore, these findings will be interesting for managers as they indicate that a particular TM choice is probable

even during the formation phase of an IJV. Consequently, managers should understand that the probability of a particular TM being appropriate would be higher for IJVs formed with a specific motive. These results would help Nordic MNEs plan investment/divestment activities from a long-term perspective.

Second, the analysis of this dissertation reveals a few interesting results, which could be useful for managers from Nordic and other SMOPEC countries. For example, the analysis on the parent-firm-level shows that only perceived CD significantly increases the probability of the acquisition TM choice for IJVs. Consequently, if Nordic parent firms enter target markets intending to convert an IJV to a WOS in the future (i.e., follow the springboard approach), they might want to focus more precisely on the CD perception at the earliest stages of the IJV's operations.

In the IJV-level analysis, the IJV performance determinant received significant support. However, the most interesting notion for managers is that Nordic MNEs tend to liquidate rather than sell off their poorly performing IJVs. Therefore, managers should be advised that the sell-off TM would not always be feasible for underperforming affiliates. Among the inter-partner factors, Nordic MNEs were found to liquidate IJVs if inter-partner conflict levels were high. Accordingly, managers of MNEs from Nordic and other SMOPEC countries should be advised that inter-partner conflict will leave little opportunity for continuation in the target market. In essence, it is recommended MNEs address the choice of potential partners at the IJV formation stage. Finally, both supported hypotheses at the HSC level claim that the positive changes in the target market trigger the acquisition TM choice. However, it is important to note that managerial and organizational skills are required to correctly interpret the market signals (see Iriyama and Madhavan (2014) for a detailed review).

Finally, the current research would be useful for managers forecasting possible stock market reactions to IJV divestments or acquisition events. The findings indicate that events alone cannot accurately explain MNEs' VC. However, divestments/acquisitions of IJVs from HSCs associated with high/low political risk and high/low IPR protection significantly impact the value of MNEs from Nordics and SMOPEC countries. Therefore, managers should consider HSC market conditions when choosing IJV divestment or acquisition since the choice will affect the parent-firm value.

7.4 Limitations and future research directions

As with any research, this study has some limitations. First, while the results are based on the IJVs headquartered in Nordic countries, there is no particular focus on HSCs. However, most of the sampled IJVs operated in Europe and Asia, so fixing the HSC was impossible owing to the different stages of target market development in the two regions (i.e., developed, developing, and emerging). It should further be mentioned that the existing studies investigate the role of HSC market development on IJV termination, but the termination was compared to IJV survival (e.g., Akdeniz & Talay, 2022). Therefore, it provides an exciting research opportunity to measure the influence of target market development on IJV TM choice.

Second, the current research is based on a relatively small sample of terminated IJVs. Similar to existing IB studies (e.g., Cui et al., 2011; Kumar, 2005), the sample size made it impossible to perform all the planned analyses. Specifically, due to the small number of public MNEs in the sample, the empirical test of the second conceptual model (Figure 13) is based on only 49 terminated IJVs. Further, the extremely small number of public MNEs that had liquidated their IJVs (5 cases) made it necessary to introduce a new category—divested IJVs—that includes IJV sell-offs and liquidations. Therefore, the current research does not include the analysis of the separate impact of three TMs on parent-firm VC, similar to Reuer (2000). It should also be stated that collecting additional data was not even considered owing to the need to sustain the consistency of the research. Future research might test both the determinants of TM choice for IJVs and their impact on parent-firm VC in larger samples.

Third, although this dissertation provides a comprehensive analysis of how the IJV formation motive and four level factors (i.e., the parent firm, IJV, inter-partner, and HSC factors) impact the acquisition, sell-off, and liquidation TM choices for IJVs, it should be mentioned that the statistical tests were performed in two separate sub-models. As stated in section 6.1, this research design was chosen because the high correlation between independent variables and the VIF index was above the cut-off points identified for Statistical Model 1. Future research might investigate determinants of IJVs' TM choice in the same Statistical Model and thus confirm or refute the findings of this dissertation.

Finally, this dissertation conveys the perspective of only the Nordic partner of the IJVs. Previous IJV research has rarely used data from both sides of the partnership (e.g., Geringer & Hebert, 1991; Pangarkar, 2009) and, to the best of my knowledge, only Steensma et al. (2008) used data from both HMCs (multiple) and the HSC

(Hungary) but none of the sampled firms were investigated from the perspectives of both partners. Although collecting such information would be beneficial for this research, it would be a prohibitively time-consuming and expensive process requiring gathering data from a wide variety of countries in different regions.

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APPENDICES

APPENDIX 1. Summary of the reviewed studies

Studies	Sample Location		Sample size	Time Frame	Industry	Sample termination rate (%)	Data Type	Method of analysis
	Home country	*Host country*						
Gomes-Casseres (1987)	USA	Various countries (e.g. Japan, India, Mexico, Pakistan, Spain)	4756 IJVs by 180 MNEs (L-89; S-529: A-839)	1960-1975	Various industries	30,6	P, S	
Kogut (1989)	USA	Various countries	92 JVs (L-64)	1975-1983	Manufacturing	70	P, S	Cox's hazard model
Bleeke & Ernst (1991)	USA, Europe, Japan	Various countries (incl. North America and Europe)	49 ISAs (L-3; S-1; A-14)	1960-1990	Various industries (e.g. pharmaceutical, finance, electronic)	37	P	
Blodgett (1991)	Various countries (USA; LDC; OECD; Japan)	Various countries (USA; LDC; OECD; Japan)	279 IJVs (A-134; S&L-4)	1971-1986	Various industries	32	S	Frequency analysis
Kogut (1991)	Various countries	USA	92 IJVs (S-27; A-37)	1975-1983	Various manufacturing industries	70	P, S	linear regression
Park & Russo (1996)	USA	Various ccountries (communism related)	204 JVs (155 IJVs and 49 domestic JVs) (S&L-56; A-82)	1979-1988	Electronics industry	67,6	S	Event history analysis

Studies	Sample Location		Sample size	Time Frame	Industry	Sample termination rate (%)	Data Type	Method of analysis
	Home country	*Host country*						
Barkema & Vermeulen (1997)	The Netherlands	Various countries (72)	228 IJVs by 25 MNEs (S&L-112)	1966-1994	Various industries	49	P, S	Cox's hazard model; event history analysis
Dussauge & Garrette (1997)	North America, Western Europe, Japan	North America, Western Europe, Japan	197 ISAs (L-32; S-27; A-14)	-	Automotive, Aerospace, Computers, telecommunications	37	S	Event history analysis
Olk & Young (1997)	Various countries	USA	184 IJVs (S&L-24)	1985-1992	R&D industries	12,4	P	Structural equation modeling approach
Park & Ungson (1997)	Various countries (Anglo, Germanic, Nordic Latin European, Latin American, Far Eastern clusters)	USA	186 JVs (137 IJVs and 49 domestic JVs) (A-78; S&L-81)	1979-1988	Various industries (incl. high-tech, and electronics industries)	85,6	S	Event history analysis
Hennart et al. (1998)	Japan	USA	355 IJVs (L-35; S-73)	1980-1991	Various manufacturing industries	32	S	
Reuer (1998)	Various countries	Various countries (1/3 from Japan)	272 terminated IJVs (L-25; S-154; A-93)	1985-1995	Various industries	100	S	
Hennart et al. (1999)	Japan	USA	326 ventures (58 IJVs – L-4; S-13; A-13)	1980-1989	Various manufacturing industries	55	S	

Studies	Sample Location		Sample size	Time Frame	Industry	Sample termination rate (%)	Data Type	Method of analysis
	Home country	*Host country*						
Dussauge et al. (2000)	Various countries	USA; Canada; Japan; South Korea; Western Europe	227 ISAs (L-43; S-41; A-45)	1952-1996	Various industries (29%-automobiles; 19%-aerospace; 35%-electronics)	56,8	S	binominal logistic regression; event-time regression
Lampel & Shamsie (2000)	USA	Europe and South East Asia	70 IJVs by 1 company (S/L-17)	1984-1993	Vaious industires (e.g. aircraft engines; power equipment)	24,3	P	Logistic regression
Mata & Portugal (2000)	Various countries	Portugal	1033 IJVs (L-61; S-59)	1983-1989	Vaious industries	11,6	S	Cox hazard model
Folta & Miller (2002)	Various countries	USA	285 IJVs (L-87; S-35; A-22)	1987-1999	Biotechnological industry	50,5	S	Event history analysis
Hennart et al. (2002)	Japan	USA	32 IJVs by 40 MNEs (L-14; S-18)	1980-1998	Various manufacturing industries	100	P	
Hennart & Zeng (2002)	Japan	USA	74 IJVs (S-26; L-13; A-15)	1980-1994	Vaious industries	73	S	Cox's hazard model
Reuer (2002)	USA	Various countries (mainly Japan, Latin Europe, Anglo-cluster)	154 terminated IJVs (A-77; S-77)	1985-1995	Various industries (75% - various manufacturing industries)	100	S	Logistic regression
Dhanaraj & Beamish (2004)	Japan	Various countries	12984 IJVs	1986-1997	Various industries		S	Cox's hazard model
Ogasavara & Hoshino (2008)	Japan	Brazil	224 firms (66 IJVs) (S-21; L-9)	1989-2003	Various manufacturing industries	45,5	P,S	Cox's hazrd model

Studies	Sample Location		Sample size	Time Frame	Industry	Sample termination rate (%)	Data Type	Method of analysis
	Home country	*Host country*						
Steensma et al. (2008)	USA	Hungary	124 IJVs (L-26; A-63)	1989-2001	Mainly manufacturing industries	71,8	P, S	hierarchical moderated logistic regression
Belderbos & Zou (2009)	Japan	South Korea, Taiwan, China, Hong Kong, Singapore, Indonesia, Malaysia and Thailand	1078 IJVs by 408 MNEs (S-15, L-82)	1995-1998	Electronic industry	9	S	Cox's hazard model
Dhanaraj & Beamish (2009)	Japan	25 countries	12984 IJVs	1986-1997	Various industries		S	Cox's hazard model
Puck et al. (2009)	USA, Japan and Europe	China	94 IJVs (A-27)		Various industries (mainly chemical; mechanical engineering; computer; electronic; automotive industries)	28,7	P, S	logistic regression
Cui et al. (2011)	Various countries	USA	150 IJVs (A-73; S&L-13)	1990-2001	Various manufacturing industries	57,3	S	Event history analysis
Polidoro et al. (2011)	Western Europe, Japan, USA	156 various countries	168 IJVs by 97 MNEs	1979-1991	Technology related industries (core in chemistry)	85,7	S	Weibull distribution
Cui & Kumar (2012)	Various countries	USA	134 IJVs (T-58)	1990-2001	14 manufacturing industries	43,3	P, S	Event history analysis
Mata & Freitas (2012)	Various countries	Portugal	3548 firms (S&L-326)	2006-2007	Various industries	9,2	S	Probit model

Studies	Sample Location		Sample size	Time Frame	Industry	Sample termination rate (%)	Data Type	Method of analysis
	Home country	*Host country*						
Dai et al. (2013)	Japan	25 various countries (75% in South-East Asia)	670 subsidiaries (IJVs and WOSs) by 433 MNEs (L-123; S-14)[2]	1987-2006	54 various industries (mainly primary, manufacturing and wholesale industries)	20.4	S	Hierarchical regression analysis
Nyuur & Debrah (2014)	Europe, Asia, USA, Africa	Ghana	92 IJVs (A-26)	1957-2008	Various industries (e.g. manufacturing and energy industries)	28,3	P, S	Standard multiple regression
Song (2014)	South Korea	Various countries	2234 foreign subsidiaries by 132 MNEs (S&L-212)	1990-2007	various industries	9	S	Cox's hazard model
Soule et al. (2014)	32 Various countries	Burma	449 firms (S&L - 135)	1996-2002	Various industries (incl. mining; financial; utilities; manufacturing; service; information; transportation industries)	30	S	Additive form of the heterogeneous diffusion model (event history analysis)
Mata & Portugal (2015)	Various countries (e.g. OECD countries)	Portugal	3697 IJVs (L-1194; S-1245; A-400)	1982-2009	Various industries (e.g. high-tech; manufacturing; knowledge-intensive services)	76,8	S	Event history analysis; regression analysis

Studies	Sample Location		Sample size	Time Frame	Industry	Sample termination rate (%)	Data Type	Method of analysis
	Home country	*Host country*						
Dan & Zondag (2016)	Various countries (UK, Switzerland, Germany)	USA	349 ISAs (S&L-96)	1998-2008	bio-pharmaceutical industry	27,5	S	event history analysis + Cox's hazard model
Rittippant & Rasheed (2016)	Thailand	Various countries (mainly Asian)	281 IJVs by 41 MNEs (S/L-45; A-199)	1995-2005	Various industries	100	S	binominal logistic regression; multinominal logistic regression
Dhir & Sushil (2017)	G8 countries	India	113 IJVs	2005-2015	Various industries		S	Structural equation modeling approach
Meschi et al. (2017)	Various countries (mainly Europe and North America)	Brazil	119 IJVs (S-20; L-16; A-29)	1997-2011	Various industries (mainly manufacturing; mining; finance-related)	54,6	S	Cox hazard model
Konara et al. (2020)	Various countries (29 countries, e.g. UK, USA, Germany)	China	459 IJVs (S-62, A-48)	1985-2010	Various industries	24	S	Factor analysis

S-sell-off, L-liquidation, A-acquisition, P-primary data, S-secondary data.

[1]- Hennart & Zeng's (2002) article includes 17 combined cases of closure and sell-off to the third party. However, as the authors identify such termination as the complete cessation of work, we consider these cases as liquidated in our sample.

[2]-Although the sample includes 14 cases of sell-off, the authors rerun the supplementary tests only for the liquidated IJVs and the results remain the same.

APPENDIX 2. Determinants of IJVs' TM choice researched in five and more articles.

Determinants of IJVs' TM choice (Year and Study)			**Gomes-Casseres (1987)**	**Bleeke and Ernst (1991)**	**Park and Russo (1996)**	Barkema & Vermeulen (1997)	Olk & Young (1997)	**Park and Ungson (1997)**	Hennart et al. (1998)	**Reuer (1998)**	**Hennart et al. (1999)**	**Dussauge et al. (2000)**	Mata and Portugal (2000)	*Folta and Miller (2002)*	Hennart et al. (2002)	Hennart & Zeng (2002)	Reuer (2002)	Dhanaraj & Beamish (2004)	Ogasavara & Hoshino (2008)	Steensma et al. (2008)	**Belderbos & Zou (2009)**	Dhanaraj & Beamish (2009)	*Puck et al. (2009)*	**Cui et al. (2011)**	**Cui and Kumar (2012)**	Mata & Freitas (2012)	*Dai et al. (2013)*	**Nyuur & Debrah (2014)**	Song (2014)	**Mata and Portugal (2015)**	Dan & Zondag (2016)	**Rittippant & Rasheed (2016)**	Dhir and Sushil (2017)	**Meschi et al. (2017)**	**Konara et al. (2020)**
IJV group	Age of IJV	Young											L					S/L												L					
		Matured											S					S/L		L						S/L	L			A/L					
	IJV performance						S/L			S				S/L							A			S/L				L							
Parent firm group	Business Relatedness	Related														A								A											S/L/A
		Unrelated						S	S/L							S			S/L						S/L		L								
	Establishment mode	Greenfield											L								A									L					
		Acquisition						S					S								S								S	A					
	Ownership position (foreign MNE side)	Minority	S										L		S	S/L	S				L	S/L								S				S	
		Equal						L								A																			S/L
		Majority	A	A	A										A	S		A												A		A			A
	Parent firm size	Big						S							S	S/L	S					S/L						S/L							
		Small											L								L														
Host-country group	External uncertainty	Environmental																			A			S/L		A									A
		Overall												A														L							
	National cultural distance					S/L									S	S	S/L																S/L	A	A

APPENDIX 3. Robustness test. Breusch-Pagan test of heteroskedasticity.

	Statistical Model 1			Statistical Model 2		
	df	*F*	*Sig.*	*df*	*F*	*Sig.*
Breusch-Pagan	17	1.564	.093	9	.802	.617