


1994

Successful Operating Strategies in the Performance of U.S.-China Joint Ventures

Gregory E. Osland

Butler University, gosland@butler.edu

Follow this and additional works at: http://digitalcommons.butler.edu/cob_papers

 Part of the [Business Administration, Management, and Operations Commons](#), [International Business Commons](#), and the [Marketing Commons](#)

Recommended Citation

Osland, Gregory E., "Successful Operating Strategies in the Performance of U.S.-China Joint Ventures" (1994). *Scholarship and Professional Work - Business*. Paper 240.

http://digitalcommons.butler.edu/cob_papers/240

This Article is brought to you for free and open access by the College of Business at Digital Commons @ Butler University. It has been accepted for inclusion in Scholarship and Professional Work - Business by an authorized administrator of Digital Commons @ Butler University. For more information, please contact fgaede@butler.edu.

Successful Operating Strategies in the Performance of U.S.-China Joint Ventures

Evaluations of the performance of international joint ventures (IJVs) in China have produced mixed conclusions. This study sought to uncover performance criteria used by various groups of managers and to identify critical factors in IJV performance in China. Using in-depth case studies, matched data were collected from personal interviews with managers from Chinese and U.S. parent companies, joint venture operating managers from both partners, and government officials from both countries. The performance criteria used by joint venture participants appear to be converging, with profitability emerging as the dominant element. This exploratory study uncovered four important strategic factors in the performance of large, established U.S.-China manufacturing joint ventures. These are controlling decision making, establishing a sales network, retaining interpartner learning, and influencing government officials. The results suggest that the importance of decision-making control is moderated by size of the venture and nationality. Whether the IJV is a part of the government's National Plan also appears to be an important contingency. Managerial implications and directions for future research are provided.

ABSTRACT

China has long fascinated business executives and researchers with the grandeur of its several-millenia-old civilization, the huge size and market potential of its population, and the dramatic changes in its political and economic situation. The previously elusive sales possibilities in the world's most populous nation are now being realized as The People's Republic of China's economy opens up and reaches new heights. The real gross domestic product (GDP) average growth rate of 8 percent per year from 1978 to 1992 outstripped the growth rate of each of the 100 largest economies (The Economist Intelligence Unit 1993). China will be the world's third largest economy by the year 2000, if the present trends continue. Looking at China's 1992 real GDP growth rate of 12 percent, an analyst for the U.S.-China Business Council in Beijing stated, "The official figures do not tell you how strong the demand is now. We're at the leading edge of a consumer boom. It's real."

Managers of multinational corporations increasingly view entry and development of China's market as critical to the growth of their firms. In addition, the low cost of labor and certain materials make China an attractive and essential base for resources for certain companies, especially some from

Gregory E. Osland

*Submitted November 1993
Revised March 1994
May 1994
July 1994*

© *Journal of International Marketing*
Vol. 2, No. 4, 1994, pp. 53-78
ISSN 1069-031X

nearby Hong Kong and Taiwan. Recent managerial interest in China is evidenced by the fact that more international joint ventures were formed in China than in any other nation in the decade of the '80s (Beamish 1993) and contracted foreign investment in China in the year 1992 exceeded US\$40 billion (Economist Intelligence Unit 1993). With the exception of Hong Kong and Taiwan, the United States represents the largest source of foreign investment in China through JVs (Beamish 1993; U.S.-China Business Council 1990). Most large multinational manufacturing firms have developed joint ventures in China, ranging from consumer personal care companies such as Procter and Gamble and Unilever, to auto manufacturers such as General Motors and Volkswagen, to computer manufacturers such as Hewlett-Packard and DEC. IJVs with small foreign firms are even more numerous (U.S.-China Business Council 1990).

Previous research on joint ventures in China has centered on formation issues from the perspective of Western managers at the IJV operating level (Abdallah 1992; Davidson 1987; Eiteman 1990; Shenkar 1990). Motivations for forming IJVs, partner selection criteria, and negotiating strategies have been investigated. Yet, despite the increased frequency and strategic importance of international joint ventures (IJVs), little is known about IJV performance (Anderson 1990; Geringer and Hebert 1991), including performance criteria, outcomes, and factors that affect IJV performance. Even though IJVs represent the efforts of at least two parent companies and usually include managers at the operating levels from foreign and host companies, these multiple perspectives have rarely been analyzed in previous research. Chinese managers' perspectives, in particular, have not been well understood (Adler, Campbell, and Laurent 1989; Pearson 1991). This study centers on performance issues of U.S.-China IJVs, breaking new ground by comparing and incorporating the responses from foreign and host parents and from both sets of IJV operating managers.

This article has two major objectives: (1) to describe and compare performance criteria of U.S.-China IJVs from the perspectives of both Chinese and U.S. managers; and (2) to uncover important operating strategies that enhance IJV performance. Performance criteria are the dimensions used to evaluate how well the venture is proceeding. In order to better understand performance of IJVs in China, a brief literature review is presented. Performance criteria and outcomes are identified and discussed. Then, the companies that were investigated and methods used to collect the data are presented. Next, a brief description of performance criteria and outcomes of the researched IJVs is included, followed by an examination of operating strategies that appear to be important in the achievement of performance goals. The article concludes with several managerial and research implications.

This research is based on the organizational structure-strategy-performance paradigm used to analyze international firms by Thorelli (1987), and Cavusgil and Zou (1994). This framework has also undergirded research on IJVs that investigates formation, operations, and outcomes (Beamish 1993; Parkhe 1993). Most work on formation issues analyzes motivations for entering into partnerships. These reasons have been derived from several economic and behavioral theories and include the desires for enhanced efficiency, market entry, organizational learning, and legitimacy (Kogut 1988; Oliver 1990). In selecting an appropriate partner it is important to identify the critical task-related skills for the particular situation and to select a complementary partner that will provide those skills that the initial firm lacks (Geringer 1991).

Operations include task-related variables, such as various marketing and human resource management issues, as well as partner-related variables—including control, conflict, and trust (Beamish 1993; Geringer 1991). Most authors have highlighted the role of human resource management and organizational behavior in operating IJVs in China (Hendryx 1986; Holton 1990). Some concluded that performance is enhanced when control of the venture is divided along functional lines: for example, Westerners managing manufacturing and Chinese managing personnel (Beamish 1993; Teagarden and Von Glinow 1990). However, little attention has been given to the influence of marketing tasks on performance, such as managing a sales force network and managing government-company relationships. Nor has there been a consensus on what constitutes performance. Outcomes include a wide range of performance indicators (Anderson 1990), which will be discussed more fully in the following section. The structure of the organization affects the operations which, in turn, affect the performance outcomes (Cavusgil and Zou 1994).

Existing research concludes that managers and officials from the Chinese side primarily evaluate the performance of IJVs on the basis of economic development dimensions, including technology transfer (hardware), management skills transfer, foreign exchange, and job creation (Baird et al. 1990; Campbell 1989; Hendryx 1986; Pearson 1991; U.S.-China Business Council 1990.) Related criteria include exports and manufacturing capability (Shapiro et al. 1991; Shenkar 1990). The level of interpartner trust has also been identified as a process-oriented dimension of IJV performance that may be particularly important to Chinese (Anderson 1990; Baird 1990; Osland 1990; Shapiro et al. 1991). In this perspective the IJV would be considered successful if the partners trust one another and have a harmonious relationship.

Pearson (1991) is one of the few researchers who has attempted to uncover how well IJVs in China are doing according to

some of the economic development criteria. She concludes that technology has not been transferred as quickly as Chinese had hoped and that export levels have also fallen short of Chinese officials' hopes (1991).

In contrast to the macroeconomic and process criteria used by Chinese, U.S. managers are thought to use enterprise output measures to evaluate IJV performance, including profitability, sales revenue and growth, market share, productivity, and costs. Many of these criteria are measures of such strategic goals as domestic market entry and expansion, market power vis-à-vis competitors, and access to low-priced factors of production (Campbell 1987, 1989; Daniels et al. 1985; Davidson 1987; Shenkar 1990).

Previous studies of the profitability of IJVs in China have produced mixed results (Beamish 1993; Campbell 1987, 1989; Davidson 1987; Stelzer 1992). The age of the IJV and the economic conditions at the time of the research appear to affect the outcomes. IJVs that have been operating for several years appear to be more profitable than start-up ventures. Moreover, profitability appears to have been lower during periods when the government limited borrowing (1986 and 1989-1990) than during periods when buying firms find it easier to acquire money and to pay their bills (1987-1988 and 1991 to the present). In some IJVs manufacturing costs have been greater than anticipated due to low labor productivity and infrastructure problems (Shapiro et al. 1991), obviously lessening profitability.

Whereas profitability is classified as an "objective performance measure," satisfaction is a "subjective performance measure" (Geringer and Hebert 1991). Satisfaction is one of the most frequently employed measures of performance in the IJV literature. This subjective measure provides information regarding the extent to which an IJV has or perhaps will meet its objectives (Geringer and Hebert 1991). Thus, an IJV may be considered satisfactory by its participants even if it is not meeting certain objective measures of performance such as survival, profitability, or stability of equity shares.

Although some authors report that IJV managers are dissatisfied with IJVs in China (Beamish 1993), the bases and sources of dissatisfaction are often unreported. High levels of conflict have characterized the relationships between Chinese and American managers in some IJVs (Hendryx 1986). It appears that the use of different performance criteria by each side of the venture has been one source of participants' dissatisfaction with IJVs in China (Shenkar 1990).

In conclusion, past research has suggested that Chinese and U.S. managers use different criteria to evaluate the performance of IJVs, with Chinese using economic development

criteria, and Americans using firm output criteria such as profit and sales. Many U.S. managers have been dissatisfied with IJVs, and some Chinese officials have also been dissatisfied. However, the lack of information about the specific criteria being utilized in particular studies has made it difficult to compare results across the studies. Moreover, financial outcomes have been mixed. The reasons for the various results have not been adequately explored nor have they been conclusive. In particular, the impact of marketing tasks on IJV performance has not been systematically researched. Chinese perspectives have rarely been considered, and the viewpoints of the various groups of managers associated with an IJV have not been compared.

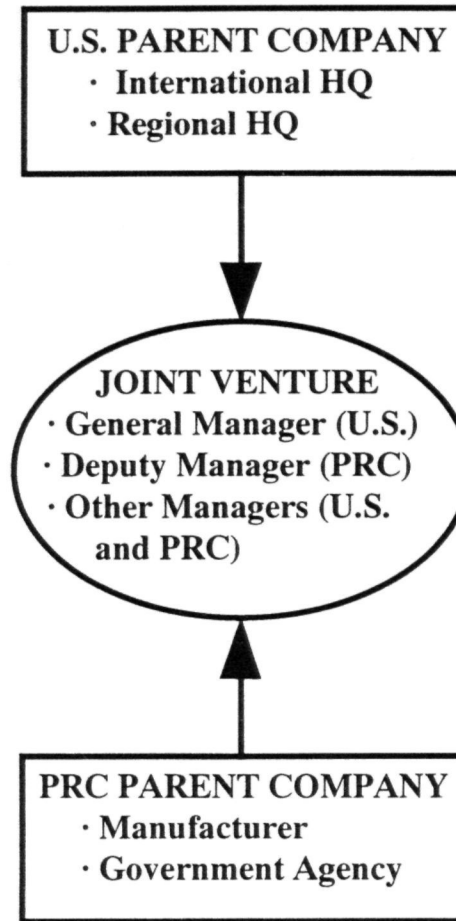
This study explores performance issues by examining the dimensions that managers think about when they evaluate IJV performance. IJV outcomes are explored, and factors that affect performance are also uncovered. The companies that were investigated in this study are described in the following section.

In-depth case studies of eight IJVs and most of the associated parent companies provided most of the data for this study. As exploratory, interpretivist research, an attempt was made to uncover the informants' perspectives and constructs, rather than to impose the researcher's preexisting expectations and constructs on the phenomena (Marshall and Rossman 1989). Case studies, incorporating multiple, semi-structured interviews, permitted the researcher to detect patterns and to apply inductive logic in hypothesis generation (Cordell 1993; Eisenhardt 1989). A bilateral approach was incorporated by interviewing managers from both sides of the joint venture. See Figure 1 for the typical structure of a set of U.S.-China IJV participants.

Large-capitalized, U.S.-China joint ventures in three geographically dispersed cities were studied. Each has been manufacturing products for at least three years. Forty-three face-to-face interviews were granted from June to December 1992. IJV managers interviewed at the operating level included U.S. general managers, Chinese deputy managers, and functional managers from both sides of the JV. The U.S. parent company managers who were directly responsible for the IJV were interviewed at either Asia-Pacific regional headquarters of the organization in Hong Kong, or at the international headquarters of the corporation in the U.S. Chinese parent company managers responsible for the IJV were located at manufacturing companies and at government agencies in China. Details on the cases, including disguised names, are presented in Table 1. Further explanation of the research methodology is provided in Appendix 1.

COMPANIES THAT WERE INVESTIGATED

Figure 1.
Typical Structure of a
U.S.-China International
Joint Venture



PERFORMANCE CRITERIA

Contrary to previous literature, this research found that managers from both the Chinese and U.S. sides of an IJV consider profit as the most important dimension of performance of IJVs in China. Each of the four groups of managers described profit as one of the two most important criteria they use to evaluate the performance of their IJV (see Table 2). Looking at all the criteria mentioned by managers, profit was listed most frequently. (Appendix 2 indicates 17 mentions of profit, compared to 7 for sales revenue and sales growth criteria, and 7 for hard and soft technology transfer criteria.) Moreover, each set of managers stated that they believed their partners viewed profit as the most important aspect of performance. Process-oriented performance dimensions that were important to Chinese in previous research, such as cooperation and trust, are not as important to any set of managers.

In-depth discussions with IJV participants and IJV experts from business, government, and academia lead to the conclusion that, over the last decade, Chinese managers and officials have changed their performance criteria and become more like their U.S. counterparts in their focus on the profitability of IJVs. Although it appears likely that earlier researchers failed to uncover Chinese IJV participants'

personal perspectives, the alternative explanation that the Chinese side has always been focused on profits seems less plausible. In each of the cases where data were obtained from both sides of the IJV, there is evidence that the Chinese side of the IJVs has become more profit-oriented in the last few years. The trustworthiness of these data is enhanced by the fact that in each of these cases at least two informants have been a member or regular attendee of the IJV Board meetings since its inception; thus, they are in a position to report on changes that may have occurred. A Chinese parent company director, involved with the Drinkdown IJV since its inception, observed:

We [the parent company] now see the value in generating dividends and focusing on profits. The government is also more interested in the profits that the joint venture makes. These profits provide tax money. So a new criterion of performance is dividends plus taxes.

<i>Disguised Name</i>	Drink Inc.	Transport Corp.	Caremore	Elektron
<i>Industry</i>	Consumer Packaged Foods	Vehicles	Consumer Personal Care	Electronic Computers
In National Plan	No	Yes	No	No
Years Manufg.	6	8	4	7
U.S. Equity Share	60 %	42 %	65 %	67 %
Total Equity	\$5 million	\$60 million	\$33 million	\$18 million
Profit (R.O.S)	24 %	10 %	5 %	13 %
Sales	\$31 million	\$636 million	\$82 million	\$130 million
Location	Tianjin	Beijing	Guangzhou	Beijing

Table 1.
Case Profiles (1992)

<i>Disguised Name</i>	Pillco	Popco	Power Inc.	Food Corp.
<i>Industry</i>	Pharmaceuticals	Consumer Packaged Foods	Energy Equipment	Consumer Packaged Foods
In National Plan	No	No	Yes	No
Years Manufg.	5	3	6	5
U.S. Equity Share	55%	50%	50%	50%
Total Equity	\$ 8.5 million	\$19 million	\$37 million	\$ 5 million
Profit (R.O.S)	39%	12%	2%	15%
Sales	\$75 million	\$56 million	\$100 million	\$12 million
Location	Tianjin	Tianjin	Beijing	Guangzhou

Table 2.
Two Most Important
Performance Criterion
by Type of Manager*

PRC Parents	Profit (3/4 managers)	Technology transfer (2/4 managers)
U.S. Parents	Profit (4/4)	Sales (2/4)
PRC JV Managers	Profit (5/8)	Product quality (3/8)
US JV Managers	Profit (5/9)	Sales (3/9)
TOTAL	Profit	17/25 managers

*25 managers were asked to describe their two most important performance criteria. (All of the performance criteria used by managers in this research are listed in Appendix 2.)

There is also some evidence that veteran managers representing the U.S. company at the IJV operating level are beginning to evaluate performance of the IJV with criteria that were previously reported as important only to Chinese. This pattern is weaker than the trend of Chinese becoming more like their U.S. counterparts. However, a few U.S. managers are becoming sensitive to the need to evaluate IJV performance on the basis of the pace and amount of management technology that is transferred. More than the newer expatriates, U.S. IJV managers with long-term experience in China have recognized the importance of transferring management skills to Chinese who can take over critical management positions. The generation of profits and the transfer of management technology provides mutual benefits to the IJV, parent companies, and the Chinese government.

However, important differences in performance criteria used by IJV participants were also uncovered. In addition to profits, hardware technology transfer and, to a lesser degree, foreign exchange earnings, remain as important performance criteria to Chinese parent company managers. In contrast, U.S. parent company managers do not use economic development criteria to evaluate the performance of their IJVs in China in this sample. U.S. parent company managers evaluate the IJV solely on enterprise-level dimensions, such as profits and sales. A second key finding is that performance criteria are more similar among host and foreign managers at the joint venture operating level than at the parent company levels.

This convergence of performance criteria, with some persistent differences between parent company managers, can be explained with organizational learning theory. Performance criteria used by IJV operating and parent company managers become more similar as interpartner learning increases. More interpartner learning occurs at the joint venture level than at the parent company level, since the managers who are frequently exposed to their partners have more opportunities to learn from them, than do those who manage the ventures from a distance at the parent company locations. The rewards from interpartner learning are also likely to be greater for individuals at the IJV level than at the parent company

level. These rewards include higher salaries and travel abroad to U.S. parent company headquarters for the best Chinese "learners."

The use by Chinese of profit as a criterion of joint venture performance may also, for some of the managers, represent a shift from collective thinking of what is best for the nation to one of individual self-interest. Several Chinese managers noted that de facto government leader, Deng Xiaoping, made several well-publicized statements in the spring of 1992 that encouraged this trend toward a more individualistic, profit-making orientation.

Three performance outcomes are highlighted: profitability, the most important indicator to the respondents; satisfaction, a subjective assessment; and stability of equity shares, an objective outcome that yielded unexpected results. In 1992 each IJV in the study appears to have been profitable (see Table 1). In most of the cases the profit levels throughout the history of the JV exceeded both sides' expectations. (The notable exception is Power Inc.)

Consistent with the findings of Geringer and Hebert (1991), profitability and overall managerial satisfaction with the IJV are associated. This effect occurs when profitability is a salient criterion of performance. There is reliable evidence in every IJV in this study that both sides of the IJV are satisfied with the financial performance of the venture and with future prospects. Similarities, rather than differences, characterize the levels of satisfaction among the U.S. side and the Chinese side, and among operating managers and parent company managers. According to these managers, most of their goals for the IJV are being met. Managers in each IJV also express positive expectations about future outcomes: every one of the eight IJVs intends to expand its manufacturing capacity and increase the total equity in the IJV. Beamish's (1993) research in 1989 and 1990, reporting a pattern of managerial dissatisfaction with IJVs in China, may have been a time-dependent reflection of the 1989 Tiananmen Square Incident and the tight money supply of that period.

Despite the 1992 finding of general satisfaction, this author's research found that the level of satisfaction varies between the informants for a few specific performance criteria. U.S. managers generally feel that the product quality is less than desired. In Transport Inc. some Chinese feel similarly; however, in this and the other IJVs, the U.S. side has higher quality standards than the Chinese. Chinese managers appear to seek a faster pace of technology transfer than the U.S. managers. The U.S. sides prefer to provide the IJV with older technology, and with types that are not easily counterfeited.

PERFORMANCE OUTCOMES

Chinese seem less satisfied about the level of exports than their partners. But, the issue of export levels is diminishing as Chinese managers realize they can make more profits in the domestic market, and that exports often compete with the U.S. parent's other enterprises in territories outside of China.

Contrary to earlier research (e.g. Beamish 1993; U.S.-China Business Council 1990), the equity shares have not been stable recently. A pattern of U.S. parent companies increasing their ownership shares is apparent. This has occurred through the U.S. side reinvesting their profits into the IJV and through capacity expansion that is mostly funded from the U.S. side. The only three IJVs that lack evidence of instability since the IJV's inception are Popco, Power Inc., and Food Corp. These IJVs each began operations with a split 50-50 equity share. Popco and Food Corp. are considering changes in the equity positions. Power Inc. is locked into the current equity position. Because Power Inc. is a part of the National Plan for 1991-1995, it appears that the U.S. side will not be allowed to become the majority partner. Yet, Chinese authorities now seem willing to allow foreign companies to acquire majority share of IJVs that are not under National Five-Year Plans. Industries in the National Plan, such as transportation, energy, and communications, are considered to be most important by Chinese officials, and thus are controlled more closely than industries such as consumer packaged foods.

Several U.S. managers mentioned the need to increase the U.S. share of the equity so that the total contributions of the American side can be more justly rewarded with a greater share of the IJV's profits. Chinese partners seem less concerned about percentages than about absolute monetary amounts. If their cash flow from the IJV keeps increasing, they seem willing to allow the U.S. side to have a larger stake in the IJV. Moreover, the Chinese side in three of the most successful IJVs (Caremore, Elektron, and Pillco) seems content to have the Americans manage the JV. It appears that large U.S. MNCs have used relatively small capitalized joint ventures as a means to enter the China market. When these IJVs become profitable, the U.S. parents attempt to acquire a larger share of the operation.

Based on the empirical observations and just-discussed rationale, it appears that American partners are increasing their equity share in manufacturing IJVs that are profitable. In IJVs under the National Plan, the foreign shares do not increase above the 50 percent level because of government regulations.

Chinese and U.S. managers in this study were generally satisfied with the performance of their IJVs at the end of 1992. Benefits were being received by both sides and future prospects appeared positive. Simultaneously, some dissatisfaction was also evident. Factors that help explain IJV performance are examined in the following section.

Although IJV operating level strategies in China are constrained by governmental regulations and policies, IJV managers are not destined to passivity. Four strategic aspects emerge as salient, likely influencers of managerial satisfaction and IJV profitability. The critical operating strategies uncovered in this research are controlling decision making, establishing a sales network, retaining interpartner learning, and influencing government officials.

Analysis of the eight IJVs in the study reveals the pattern that the more control the U.S. side has over functions it considers to be critical, the more satisfied are the U.S. participants with the IJV. However, a structural variable—size of the IJV—affects the extent of control that is desired. In two of the IJVs, the Chinese side, including the government, has dominant management control; in three, the U.S. has dominant control; and in three IJVs, the control is split, as each side manages the functions it views as most important. Each of these three categories is discussed separately in the following section.

Decision-Making Control

The most dissatisfaction with the IJV occurs in Transport Corp. and Power Inc., where Chinese governmental bodies control the IJV production and pricing as part of National Five-Year Plans. Some dissatisfaction was evident among all informants in these IJVs, but was particularly obvious among the U.S. managers. That the U.S. side does not have dominant control of the IJV is a major source of dissatisfaction to the Americans. In Transport Corp. symbolic authority for Chinese dominance of the IJV is maintained through the Chinese majority share of the ownership. The U.S. side has very little influence in pricing decisions, for example. U.S. managers are not even allowed to go before the National Pricing Bureau with cost data and price proposals. The Chinese finance director performs the role of representing the IJV to the Chinese government. This director appears to be on the government's side, defending government control of pricing with the comment, "If [the pricing bureau] did not set the prices, then the joint venture would make excessive profits." Yet, the U.S. managers desperately wish to have the freedom to adjust prices upward or downward in response to changing market conditions. They also seek pricing options for accessories; but so far they have been unable to do anything other than sell one basic model for each of their two vehicle types.

The U.S. executive director of Transport Corp. used control as the primary basis with which to classify his performance criteria. He often stated, "These things we have a lot of control over. But these things we don't have much control over." A U.S. IJV manager at Caremore also used a control construct extensively. In contrast, their Chinese counterparts did not think about the IJV in terms of control.

Even though Transport Corp. is profitable, the lack of control frustrates the U.S. managers, who place a high value on freedom of action and the opportunity to coordinate the activities within a business. Moreover, they are accustomed to greater latitude in the U.S. and find the lack of control in China disconcerting and somewhat threatening. Gaining decision-making control of critical business functions is also important to U.S. managers because of the perception of a wide gap in experience and ability between Chinese and U.S. parent companies. Chinese managers, unfamiliar with operating a business under competitive market conditions or current global business standards, are seen as ill-equipped to compete against global companies who are far more experienced in designing effective marketing strategies and in manufacturing high-quality products efficiently. Moreover, many of the Chinese parent company partners are government agencies who provide capital, but who have never managed a profit-oriented business.

Emotional dissatisfaction with the IJV is one result of the lack of control. The U.S. managers' dissatisfaction also affects the Chinese partners in Transport Corp. In negotiations and discussions, the U.S. side became caustic, and attempted to seize control of at least some aspects of the business. This hardened the positions of the Chinese and appeared to increase dissatisfaction among the Chinese as well. All of the Chinese and U.S. managers admitted to high levels of conflict within this IJV. An extreme example is a board of directors meeting that lasted for 33 hours. Intense arguing over a transfer price dominated the entire meeting; no consensus was reached between the two sides.

In contrast, the U.S. side has dominant control over pricing and other management decisions at Caremore, Elektron, and Pillco. Expatriates from the parent companies manage each of the primary value chain activities carried out by the IJV, plus several support and infrastructure activities. The U.S. parents operate the IJVs as subsidiaries and seek to implement their global policies and procedures for every aspect of the business. China business experts, and this researcher, using a variety of performance criteria, all concur that Caremore and Elektron are two of the most successful IJVs in China. For each of these two dominant-controlled IJVs, sales are growing strongly, long-term profitability appears solid, hard and soft technologies are being transferred, the relationships between the partners are harmonious, and the stakeholders are very satisfied with the IJVs. The Chinese partners acknowledge that the U.S. sides possess superior knowledge and experience in management, and allow them to control the business functions. Moreover, in both IJVs the U.S. partner's majority share of the equity was perceived by both sides as a basis for the U.S. side to control the IJV. Thus, the U.S.

side holds both expert and legitimate power, enabling it to control the IJV. Managers at all levels are very satisfied with these IJVs.

In Drink Inc., Popco, and Food Corp. the management functions are divided among both sides of the IJV. For example, marketing is viewed as critical to the U.S. side in each of these consumer foods IJVs; thus, the U.S. manager makes most of the final marketing decisions. Although in a formal sense the board makes pricing decisions in Drink Inc. and Food Corp., in practice the U.S. parent company makes the pricing decisions. In each of the IJVs not under a National Plan, the U.S. side also attempts to control prices outside of the IJV through resale price maintenance. The importance of setting and maintaining prices to attain targeted profit margins runs strong through the IJVs. Chinese perceive that human resource management is very important; therefore, Chinese control personnel decisions in these split-control IJVs. Satisfaction is also high among the various participants in this category of IJV.

Previous literature provides conflicting results about the relative effects of dominant, shared, or split control of IJVs on performance (Beamish 1993; Geringer and Hebert 1989). This research uncovers the pattern that a third variable—size of the IJV—affects the relationship between control and performance. In each of the small IJVs, split control is satisfactory to both sides (Drink Inc., Popco, and Food Corp.). However, the U.S. side is not satisfied unless it has dominant control in the large IJVs (each of the other five IJVs). Managers in Transport Corp. and Power Inc. both express some dissatisfaction with the IJV—primarily because of the split control situations under which they operate. When more money and personnel are at stake, it becomes more important to the U.S. side to control more functions of the IJV. (Size is measured in annual sales, amount of equity, and number of expatriate personnel.)

The plans of the U.S. parent for Drink Inc. lend further support to this pattern. The U.S. company intends to triple its equity in the IJV, and increase its share of ownership to 60 percent. Currently, the U.S. side is attempting to gain the contractual right to control more functions in the IJV once this infusion of capital occurs. Control and stability of equity shares are associated. In conclusion, it is hypothesized that U.S. managers may be satisfied with the IJV in IJVs with split control, if the IJV is small. If the IJV is large, U.S. dominant control is necessary for the U.S. managers to be satisfied with the IJV. There is no clear relationship between control and profitability in this research or in the literature.

Several other critical success factors appear to affect profitability. The research results provide indications that establishing an effective sales network, retaining interpartner

learning, and influencing relevant government officials will lead to long-run IJV profitability and managerial satisfaction.

Sales Network

Establishing an effective sales network was viewed as a critical success factor by both U.S. and Chinese managers in the IJVs that were not under a National Plan. This appears to be one of the most important marketing tasks for both industrial and consumer-oriented IJVs in China, whether they face intense competition or not. Personal selling and merchandising were virtually non-existent when China's economy was mostly centrally planned. If an organization had a sales force, sales representatives acted mostly as on-site order takers. However, IJVs are increasing their sales and profitability by setting up teams of salespeople in the field who visit wholesalers, retailers, and other specific organizational buyers.

As the early entrants in their markets, the pioneer firms in this research are building customer loyalty in order to defend themselves against new competitors. In several industries marketing innovations are being introduced by the IJVs. Pillco, for example, has set up sales teams to visit hospitals and doctors to sell pharmaceuticals, rather than simply relying on unmotivated distributors to push the products. Similar to other IJVs, Pillco began selling in the large coastal cities, then moved to large inland cities. Now its teams are moving to smaller cities and the countryside. The sales representatives also provide after-sales service, tracking side effects and ensuring the proper use of the drugs, handling complaints, and maintaining the manufacturer's prices across wholesalers and retailers.

Resale price maintenance, although illegal in the United States, is the normal business practice by consumer goods IJVs in China. Effective sales teams use a variety of price maintenance techniques in order to ensure that a consistent image is presented to the customers and that each member of the channel receives its "fair" margin. The IJVs work hard to prevent any kind of price war from beginning, so that they may maintain their high profit margins.

Sales promotions were previously not used in the PRC. Caremore was one of the first companies to provide free trial samples and point-of-purchase materials. Moreover, the sales/marketing manager claims that their superior in-store presence has given them a critical competitive advantage over the other MNCs in their industry. Caremore is the only firm in their industry that has attempted to train retailers and to establish premier positions and space in stores. In the consumer packaged foods industry, Popco goes one step further, as the sales representatives try to lock in retailers for their products by providing free refrigerators for their products to retailers who promise to distribute only their brand in the store.

Most of the U.S. managers are seeking to transfer knowledge and skills to Chinese in their IJV. Concurrently, an important Chinese criterion of IJV performance is the pace and extent of this management technology transfer. Many Chinese managers are eager to learn from their partners. However, the IJVs appear to vary in their ability to retain transferred technology within the joint venture. One problematic leakage has been the loss of "trained" managers to other companies.

The U.S. side of the IJVs attempts to help their partners learn how to perform business activities through a variety of methods. These include on-the-job training led by expatriate managers, seminars and observation at international headquarters and the IJV site, formal classes by the parent company, university education in the United States, and books. As one example, the U.S. parents of Pillco sends 10 percent of the IJV's Chinese work force to their international headquarters for training each year.

Yet for some U.S. parent companies, management technology transfer goes beyond training their partners in how to do certain tasks. Caremore employs 80 expatriates at the IJV to train Chinese in standards, principles, ethics, and decision making. The managers see the interpartner learning process as a long-term commitment from both sides. The intent is to enable PRC Chinese to eventually manage the IJV, to reduce personnel costs (\$250,000 per year per expatriate) and have people in charge who know the local environment the best. However, little evidence of the use of a consultative decision-making style as in shared control IJVs was found in this or the other IJVs. This method could help Chinese managers learn some of the intangible elements of decision making from foreign managers.

Interpartner learning is primarily embodied in individuals who may not necessarily stay within the IJV or the parent companies. The U.S. parent company director of Elektron identified the loss of newly-trained Chinese managers as the most dissatisfactory aspect of the IJV. He and the general manager of the IJV feel that the most significant limiting factor to the IJV's long-term profitability is trained Chinese managers. Other U.S. managers also mentioned their frustration with the loss of "good Chinese managers." Chinese who acquire management technology from U.S. companies have many opportunities for immediate job advancement at other IJVs and foreign subsidiaries in China, and in their own start-up companies. Their opportunities to move abroad are also enhanced by their involvement with an IJV. Several Chinese managers who were interviewed in this research had worked previously for other IJVs. Recognizing the high value of these newly acquired management skills, newly trained Chinese managers were found to be reluctant to transfer their learning

to other Chinese. The lack of diffusion of the learning among Chinese and the loss of learning from employee departures extend the period of time that expatriates are needed in the IJVs and increase short-term costs of the IJV.

Both sides of the venture also suffer a loss when U.S. managers leave the IJV. U.S. managers are typically assigned to the JV for periods of two to three years. One parent manager bemoaned the fact that just when a U.S. manager begins to acquire Chinese perspectives and learns how to adjust strategies to the unique Chinese environment, s/he returns to the United States or to another nation. Transport Corp., for example, has had great difficulty in keeping U.S. employees in China for more than short periods of time.

A fourth critical success factor is the ability to influence relevant government officials. The following section concludes the discussion of key strategy factors that affect IJV performance.

Influencing Government

Because of the significant current role of government in IJVs in China (Pearson 1991), the ability to influence relevant government officials to act in the IJV's interests is an important success factor in China. This is a strategic element that is consciously being applied by Chinese and U.S. managers of the IJVs in this study.

IJVs are using several means to influence Chinese government officials. These include using the connections of Chinese employees and parent company managers, as well as the reputations and power of U.S. managers and parent companies. U.S. companies operating in China have also formed the U.S.-China Business Council in an attempt to lobby both the Chinese and the U.S. governments to act in their behalf. The U.S. Department of Commerce, in coordination with the U.S. embassy in China, also attempts to influence the Chinese government in behalf of U.S. IJVs, subsidiaries, and exporters.

U.S. managers who expressed satisfaction with their Chinese partners often mentioned the ability of their partner to influence the Chinese government as a reason for their happiness. "Good" partners have been able to influence government in the following ways:

- ensure continuous electricity (when other companies find their electricity cut off to conserve energy)
- acquire necessary raw materials at state-plan prices
- get necessary high-quality roads built and maintained
- negotiate lower tax rates than normal (this can come through redefinitions of "advanced technology" and of "minimum export levels" to gain tax breaks)

- sell IJV output to government buyers
- receive permission (or avoid prohibition) to implement innovative marketing techniques
- reduce the number and extent of government regulations on the IJV
- gain cooperation of transportation agencies to distribute IJV output expeditiously and at reasonable rates

Although the normal national tax rate for IJVs is 30 percent, all of the IJVs in this study had negotiated agreements with the central government that resulted in a range of taxes from 0 percent to 22 percent. These reduced tax rates obviously enhance the profitability of the IJVs

A U.S. manager at Caremore summarized the role of government and the effectiveness of having a partner working to influence the relevant officials:

The government still acts as if we [the IJV] exist to serve them. But our partner helps to turn this around...I don't even know all of the ways in which [our partner] helps protect us from Beijing and gets those guys to act for us. But I know it's a full-time part of the business.

It is possible that Chinese partners may use methods to influence government officials that U.S. managers cannot employ, due to the U.S. Foreign Corrupt Practices Act.

Trade associations also are a means for an IJV to influence government to improve performance. The U.S.-China Business Council's lobbying efforts led directly to the development of a new law on IJVs and other forms of foreign investment in China, entitled "Provisions for the Encouragement of Foreign Investment" (Pearson 1991). This 1986 law exemplifies the strategy and effects of influencing government to improve IJV performance: greater autonomy from external bureaucratic interference was guaranteed, several sets of local fees were removed, and alternative ways for IJVs to balance foreign exchange were provided. In addition, the U.S.-China commercial agreement of October 1992 further reduced tariffs on IJV imports and produced a promise by China to reveal sales opportunities within the government-buying structure that had previously not been publicized (U.S. D.O.C. 1992).

Cooperation, a partner-related variable identified by Holton (1990) and others as important in IJV performance, did not emerge as a critical factor. Several U.S. and Chinese managers noted that harmonious interpartner relationships were more important in other Asian cultures, such as South Korea,

than in China. A Singaporean manager at Elektron, representing the U.S. side, also remarked, "As long as both sides are making profits, we put our disagreements under the table. Everybody just does their own job. If we start losing money, cooperation will become an issue." Overall, cooperation seems to be less important to the American side than to Chinese. Other factors are more important to performance. This study found that those U.S.-China IJVs that establish effective sales networks, retain interpartner learning, and influence relevant government officials are top performers in profitability and managerial satisfaction. Managerial implications of this research are presented next.

MANAGERIAL IMPLICATIONS

The results of this research offer a number of managerial implications in identifying performance criteria and identifying and implementing critical IJV tasks. The primary constituent group of this section is foreign managers who seek to improve the performance of IJVs in China. The precepts and prescriptions may prove helpful to managers of existing IJVs, as well as those considering the formation of an IJV.

Identifying Performance Criteria

Performance is a multidimensional construct that may mean different things to different people. IJV participants should seek to identify the specific performance criteria that are used by the key players in the IJV. When partners within the IJV feel differently about the performance of the IJV due to different criteria and levels of satisfaction, the sense of mutual benefit and gain is diminished. The risk of alienating one or more groups becomes significant (Anderson 1990). Long-term output goals of the IJV are less likely to be met under conditions of conflict and disharmony. A manager's satisfaction with the IJV depends on which performance criteria he or she uses to evaluate the IJV.

It is likely that managers with IJVs in the formation stage, and those early in their life cycles, possess greater diversity in criteria than those that are more mature. This research found that performance criteria converge as the partners learn from one another. In the maturing IJVs in this research, profit is an important performance criterion to all four groups of managers. This interpartner goal compatibility reduces some of the difficulty of the work of IJV managers, and enables the managers to focus on a narrower set of criteria. For example, the increased interest of Chinese in IJV profitability has resulted in less pressure from the China side for IJVs to export. Government leaders recognize that China can make more money from taxes and dividends by allowing IJVs to sell locally rather than externally. The positive view of profits by Chinese partners has also led to more willingness by the Chinese to allow expatriates to make business decisions. As long as the IJV is generating a

dividend stream and employee bonuses to the Chinese side, there is less resistance to having foreigners control the IJV. Government influence on the operating strategies is also diminished. New entrants into China should find that Chinese companies are more profit-oriented and possess a better understanding of associated profit and accounting concepts than did potential Chinese partners in the 1980s.

The converging profit-orientation is not an entirely positive trend. Income-based financial measures are better at measuring the consequences of past decisions than they are at indicating future profits. In addition, foreign managers should recognize the likely need to manage profits for their partner's sake. Whereas some U.S. companies take a long-term view of profitability, Chinese are more consistently interested in the annual dividends. Some of the U.S. managers reported adjusting their prices upward in order to generate more profits for their partner. One manager acknowledged that he had to accept lower market share results in order to keep his partner happy with higher dividends, and to satisfy government officials with tax revenues.

When operating in a country that is ruled by the Communist Party and by seemingly arbitrary decisions of officials, rather than by consistently maintained laws (Holton 1990, Osland 1990), maintaining good relationships with the people in power is critical to long-term success. Managing government-IJV relationships is an aspect of one of the tasks discussed in the following section.

Four strategic tasks appear to be particularly critical for effective IJV performance in the current Chinese environment. These are gaining decision-making control of critical business functions, developing an effective sales force, retaining trained IJV managers, and influencing government officials. This section highlights managerial prescriptions.

Foreign managers in large IJVs should take control of the decision making for each of the critical business functions. Gaining decision-making control of critical business functions also enables one side of the IJV to be able to coordinate and implement its strategies. Even when one side does not possess a large share of the equity, a partner may still take actions to gain control of the areas that it feels it must dominate. Formal and informal control measures can be implemented that help each partner to fulfill its performance criteria goals. Contracts may stipulate which functions each partner will control, particularly under the ideal situation when the partners possess complementary skills. Informally marketing ideas to the Chinese side was used in every IJV in this research, even when the U.S. side had formal decision

Identifying and Implementing Critical IJV Tasks

making authority over an activity. Convincing partners about the effectiveness of a certain strategy is best done in the context of a good, working relationship. Sponsoring Chinese partners and managers for trips to the United States has proven to be effective in demonstrating what works well, and in building friendships. These visits involve formal meetings at corporate headquarters—including board meetings—as well as informal touring and visits to homes of U.S. managers.

Appointing general managers and members of the board of directors who are experienced and not chronologically young has been consciously practiced by the U.S. parents who dominate their IJVs successfully. Chinese show greater respect for older personnel and more willingness to allow them to make key decisions. Credible board members who are empathetic with the partner's culture and situations are best able to influence the other side's board members on important issues. Control can be established by their side in the critical areas, and harmonious relationships can be maintained. Decision-making control is a particularly important factor when host managers have not yet acquired the state-of-the-art managerial and marketing skills that are needed when battling with global competitors.

Establishing an effective sales force is one critical task that the U.S. side is generally in the best position to control. Chinese have little experience with principles and methods of personal selling and sales promotion. Providing after-sales service is an effective marketing innovation, especially for high-value products. However, once a sales force is trained and established, the U.S. side should be careful to allow Chinese in the field to adapt the principles they have learned to design tactics that are most appropriate for the local culture. The potential to create barriers to entry through an effective sales force is strong in the current economic and legal environment of most of the industries represented in this research.

Chinese partners attempt to control personnel decisions in each IJV; however, U.S. managers have learned that the U.S. side must take more control of compensation and motivation issues in order to retain the best Chinese managers in the IJV. Most of the U.S. IJV participants bemoan the loss of outstanding, trained Chinese managers to other organizations. Remaining Chinese managers seem less concerned about the problem, and do not appear eager to take proactive steps. Traditional practices and government policy, based on Communist ideology, lead to similar salaries for all employees. Thus, nonmonetary compensation and motivation methods must be identified and implemented, such as provision of attractive housing; chauffeured, prestigious automobiles; large, well-furnished offices; long-term contracts, and restructured job responsibilities that are desired by the individuals. Training

programs in the U.S. or other developed nations for high-potential Chinese employees must be reevaluated. One parent company found an unanticipated problem with their training program: of the 35 Chinese who were trained in the U.S., only one returned to the IJV. Managers are also realizing that the best place to do training is in the situation where the learning will be applied.

IJVs should seek to develop good relationships with key government officials and influence them to act favorably for the IJV. Chinese partners are likely to have close contacts and connections with critical government officials, and thus should dominate this area for firm-level issues. Many government officials are concerned about not allowing foreigners to exploit China, and thus are more trusting of Chinese representatives. However, the foreign side may need to work carefully with its partners to help them take a more aggressive stand in influencing government and in developing coherent strategies. This need is primarily due to the Chinese heritage of centralized planning and unchallenged adherence to government policies. Chinese partners in the southern provinces, where businesses and government leaders have a history of more freedom from Beijing, are better able to control this area of the IJV by themselves. For issues that extend beyond the firm—such as macroeconomic policies and national laws—cooperative efforts by foreign investors, as in trade associations, and nation-to-nation negotiations are necessary.

This exploratory study found that performance criteria used by managers to evaluate U.S.-China joint ventures are becoming similar. Profitability appears to have become the major criterion of success. Case study analyses led to the following key findings: 1) Performance criteria used by IJV participants converge as interpartner learning increases; and 2) U.S. managers may be satisfied with the IJV in IJVs with split control, if the IJV is small.

If the IJV is large, U.S. dominant control is necessary for the U.S. managers to be satisfied with the IJV. It appears that whether the IJV is in an industry under a National Plan, such as transportation and energy, affects the amount of control that is possible at the operating level. IJVs under a National Plan face limitations on profitability due to strict price controls and seem to have more U.S. managerial dissatisfaction than IJVs in freer industries, such as consumer goods. The study also discovered that establishing an effective sales network, retaining interpartner learning, and influencing relevant government officials lead to long-term profitability and managerial satisfaction.

Analysis of a large sample of IJV and parent company managers is needed in order to test the findings with statistics.

CONCLUSIONS

THE AUTHOR

Gregory E. Osland is assistant professor of marketing in the College of Business Administration at Butler University in Indianapolis, Indiana. He previously worked for three years in an international joint venture in China.

ACKNOWLEDGMENTS

This research was made possible by a grant from the Michigan State University Center for International Business Education and Research. The skillful language interpretation and translation work of Bruce Eichman and the helpful comments and contributions of S. Tamer Cavusgil are also acknowledged.

APPENDIX 1 Research Methodology

Extending the research to other populations of IJVs, such as U.S.-Taiwan, Korea-China, and Japan-China IJVs, may also reveal cultural contingencies, or help establish the generalizability of the observations. For example, managers from other nationalities may not need to maintain control of an IJV in order to be satisfied with the joint venture. Some evidence was found in this research and in others (Bjorkman 1993) that Chinese may prefer working for American and European managers rather than Japanese or Hong Kong managers, and thus report higher satisfaction with Western-Chinese IJVs. These cultural issues may be a fruitful area for investigation. The use of survey methods would be less costly and time-consuming than the case studies used in this research and, thus, enable the systematic inclusion of non-U.S. IJVs.

As the political/economic situation in China continues to evolve, it would also be valuable to document changes in the performance of IJVs. Longitudinal studies of the same set of IJVs would best capture the dynamic influences of government and strategy on the performance of international joint ventures in China. The effect of the age of the IJV, in terms of its life cycle and the managerial experience of the host country managers, may also be a critical contingency.

In-depth case studies with an interpretivist perspective were utilized in this exploratory study of U.S.-China joint ventures. This approach is particularly effective in investigating dynamic organizational processes (Marshall and Rossman 1989) such as performance evaluation, and in creating theory with rich data that incorporates the participants' constructs and frameworks, rather than the researcher's (Eisenhardt 1989).

Judgmental sampling, based on the objectives of the research and on accessibility, was used. Criteria for site selection included US-PRC nationality, large size (over \$5 million capitalization), and at least three years of manufacturing history. Access was granted to eight IJVs in China and a total of 18 organizations in the United States, PRC, and Hong Kong. Open, trusting relationships were developed with the respondents by communicating in the informant's language, providing assurances of anonymity, taking notes rather than using tape recordings, offering copies of key research findings, communicating an understanding of the informant's situation from the researcher's first-hand experience with U.S.-China IJVs, and using the researchers' network of corporate, governmental, and academic connections with IJV participants. These methods also provided an incentive for informants to give accurate and complete responses.

Multiple methods were used to collect data, including: in-depth interviews, follow-up clarification interviews; secondary data

in China and the U.S. to evaluate the accuracy of data provided by JV informants and to expand the information about each case; an indirect data collection method—Kelley's repertory grid technique (Bannister 1987); and two researchers' observations/judgments. Open-ended, semi-structured questionnaires were used to allow the respondents to provide their own performance criteria, outcome conclusions, and factors that affect performance. Adler, et al. (1989) called for the use of open-ended techniques to improve validity since Chinese managers often do not use the same constructs that Western researchers do.

A subjective measure of performance—satisfaction—was measured as a global construct by asking each informant these questions: "Overall, how satisfied are you with the joint venture?" "Overall, how satisfied do you think your partner is with the joint venture?" Open-ended probes were then used. The researcher also asked how satisfied each manager was with each of their two most important performance criteria. Another indicator of satisfaction was the question "Do you have any plans for expansion of this JV?" In the interpretivist tradition, the researcher and a well-trained interpreter/doctoral student also made judgments about the relative satisfaction of each of the respondents and of each set of managers.

The 43 initial interviews averaged about two hours in length and included 7 U.S. parent company managers, 6 PRC parent company managers, 14 U.S. JV operating managers, 13 PRC JV operating managers, 2 U.S. government officials, and 1 PRC government official.

Two major analyses of the interview data were completed at two different times, providing evidence of consistency (a "test-retest"). ALSCAL, a multidimensional scaling algorithm, enabled the repertory grid technique data to be analyzed. Analytical generalizations, based on a convergence of evidence rather than statistical inferences, were used in forming conclusions. Within-case and across-case analyses were performed, using a replication logic that is analogous to multiple experiments. Each hypothesis that emerged was examined for each case, and similarities and differences between cases were investigated. Results were thus grounded in their context (Marshall and Rossman 1989). The major findings were also discussed and confirmed with outside experts, lending additional confidence in the results.

Thus, several methods and sources of data were triangulated in order to make valid and reliable conclusions. Convergence was evident. Six months of doing this particular research at the end of 1992 in China, Hong Kong, and the United States allowed the author to include observational data that extended beyond the interviews. Three years of experience in

working for a joint venture in China in the late 1980s help substantiate the competence of the researcher to make informed judgments on the data that were uncovered in this research.

APPENDIX 2
Summary of Performance
Criteria

JV OUTPUT	# of Mentions as a "Top Two" Criterion*
<u>Financial</u>	
Profit (ROI, dividends, dividends plus taxes, ROS, IRR)	17
Sales Revenue	5
Sales Growth	2
<u>Market</u>	
Market Share	4
<u>Efficiency</u>	
Productivity	3
Total Delivered Cost	1
<u>Production</u>	
Production Volume	1
<u>Product</u>	
Product Quality	5
Product Scope	1
ADAPTATION	
Customer Satisfaction	-
Customer Trust	-
Parent Company Satisfaction	-
Government Satisfaction	-
Survival	-
INTERNAL PROCESS	
<u>Interpartner</u>	
Cooperation	2
Trust	-
Harmony	-
Cultural Exchange	-
<u>Inputs/Processes</u>	
Working Capital	-
Management Quality	-
Control of Salespeople	-
Stability	-
ECONOMIC DEVELOPMENT	
Technology Transfer (hardware)	3
Management Skills Transfer	4
Manufacturing Capability	-
Foreign Exchange	1
Capital	-
Competition in China	1
Localization of Parts	-

* Criteria with numbers are compiled from 25 managers' lists of their two most important performance criteria. The other performance criteria in the Appendix were mentioned by these and other managers as additional criteria that they use in evaluating the performance of the joint venture.

- Abdallah, Wagdy M. "Management Accounting Problems in China." *Management Accounting* (April 1992): 58-61.
- Adler, Nancy J., N. Campbell, and A. Laurent. "In Search of the Appropriate Methodology: From Outside the Peoples' Republic of China Looking In." *Journal of International Business Studies* 20, no. 1 (1989): 61-74.
- Anderson, Erin. "Two Firms, One Frontier: On Assessing Joint Venture Performance." *Sloan Management Review* 31, no. 2 (1990): 19-30.
- Bannister, Donald. *Issues and Approaches in Personal Construct Theory*. London: Academic Press, 1987.
- Baird, Inga S., M. Lyles, S. Ji, and R. Wharton. "Joint Venture Success: A Sino-U.S. Perspective." *International Journal of Management and Organizations* 20 (1990): 1-2, 125-34.
- Beamish, Paul W. "The Characteristics of Joint Ventures in the People's Republic of China." *Journal of International Marketing* 1, no. 2 (1993): 27-48.
- Bjorkman, Ingmar. "Outsiders in the Middle Kingdom: Expatriate Managers in Sino-Western Joint Ventures." Paper presented at the Second Conference on Joint Ventures in East Asia, 16-17 December 1993, Bangkok, Thailand.
- Campbell, Nigel C.G. "Experiences of Western Companies in China." *Euro-Asia Business Review* 6 (July 1987): 35-38.
- Campbell, Nigel C.G. *A Strategic Guide to Equity Joint Ventures in China*. Oxford, U.K.: Pergamon Press, 1989.
- Cavusgil, S. Tamer, and S. Zou. "Marketing Strategy-Performance Relationship: An Investigation of the Empirical Link in Export Market Ventures." *Journal of Marketing* 58, no. 1 (1994): 1-21.
- Cordell, Victor V. "Effects of Public Policy on Marketing Channels in Transitional Economies: The Case of Poland." *Journal of Macromarketing* 13, no. 1 (1993): 20-32.
- Daniels, John D., J. Krug, and D. Nigh. "U.S. Joint Ventures in China: Motivation and Management of Political Risk." *California Management Review* 27 (Summer 1985): 46-58.
- Davidson, William H. "Creating and Managing Joint Ventures in China." *California Management Review* 29 (Summer 1987): 77-94.
- Economist Intelligence Unit. *China, North Korea Country Report, No. 1*. London, 1993.
- Eisenhardt, Kathleen M. "Building Theories from Case Study Research." *Academy of Management Review* 14, no. 4 (1989): 532-50.
- Eiteman, David K. "American Executives' Perceptions of Negotiating Joint Ventures with the Peoples' Republic of China: Lessons Learned." *Columbia Journal of World Business* 25 (Winter 1990): 59-67.
- Geringer, J. Michael. "Strategic Determinants of Partner Selection Criteria in International Joint Ventures." *Journal of International Joint Ventures* 22, no. 1 (1991): 41-62.
- Geringer, J. Michael, and L. Hebert. "Control and Performance of International Joint Ventures." *Journal of International Business Studies* 20 (Summer 1989): 235-54.

- Geringer, J. Michael, and L. Hebert. "Measuring Performance of International Joint Ventures." *Journal of International Business Studies* 22, no. 2 (1991): 249-64.
- Hendryx, Steven R. "Implementation of a Technology Transfer Joint Venture in the People's Republic of China: A Management Perspective." *Columbia Journal of World Business* 21 (Spring 1986): 57-66.
- Holton, Richard H. "Human Resource Management in the People's Republic of China." *Management International Review* 30 (1990): 121-36.
- Kogut, Bruce. "Joint Ventures: Theoretical and Empirical Perspectives." *Strategic Management Journal* 9, no. 4 (1988): 319-32.
- Marshall, Catherine, and G. B. Rossman. *Designing Qualitative Research*. Newbury Park, CA: Sage Publications, 1989.
- Oliver, Christine. "Determinants of Interorganizational Relationships: Integration and Future Directions." *Academy of Management Review* 15, no. 2 (1990): 241-65.
- Osland, Gregory E. "Doing Business in China: A Framework for Cross-cultural Understanding." *Marketing Intelligence & Planning* 8, no. 4 (1990): 4-14.
- Parkhe, Arvind. "'Messy' Research, Methodological Predispositions, and Theory Development in International Joint Ventures." *Academy of Management Review* 18, no. 2 (1993): 227-68.
- Pearson, Margaret. *Joint Ventures in The Peoples Republic of China: The Control of Foreign Investment Under Socialism*. Princeton, NJ: Princeton University Press, 1991.
- Shapiro, James E., J. N. Behrman, W.A. Fischer, and S. G. Powell. *Direct Investment and Joint Ventures in China*. New York: Quorum Books, 1991.
- Shenkar, Oded. "International Joint Ventures' Problems in China: Risks and Remedies." *Long Range Planning* 23, no. 3 (1990): 82-90.
- Stelzer, Leigh, C. Ma, and J. Banthin. "Gauging Investor Satisfaction." *China Business Review* 19, no. 6 (1992): 54-56.
- Teagarden, Mary B., and M.A. Von Glinow. "Sino-Foreign Strategic Alliance Types and Related Operating Characteristics." *International Studies of Organization and Management* 20, nos. 1-2 (1990): 99-108.
- Thorelli, Hans B. *Strategy + Structure = Performance*. Bloomington, IN: Indiana University Press, 1977.
- U.S.-China Business Council. *U.S. Investment in China*. Washington, D.C.: China Business Forum, 1990.
- U.S. Department of Commerce. "USTR Announces Market Opening Agreement with China." Internal Document, Office of Japan and China and the Office of the United States Trade Representative, 1992.

Copyright of *Journal of International Marketing* is the property of *American Marketing Association* and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.