

INTERNATIONAL JOINT VENTURE PERFORMANCE: THE ROLES  
OF RELATIONSHIP AND ORGANIZATIONAL CONTROL

By

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## **DEDICATION**

To my wife, Nor Salizawati Bt Pisol  
and daughters, Nor Shafiqah, Nur Syahirah, and Nur Syakirah

To my father, Hj. Don B. Long, father and mother in laws, brothers and sisters,  
and in Loving Memory of my mother, Hajjah Aishah Bt Hj Arshad

### **Abstrak**

Objektif kajian ini ialah untuk menentukan pengaruh faktor hubungan rakan kongsi dan kawalan terhadap prestasi firma usahasama antarabangsa di Malaysia. Kajian ini juga mengkaji peranan konflik sebagai pembolehubah pengantara di dalam hubungan antara pembolehubah tak bersandar dan pembolehubah bersandar. Data berdasarkan 59 buah firma perkilangan usahasama antarabangsa di analisis menggunakan analisis regresi berbilang. Berdasarkan kepada hasil kajian, komitmen dan perkongsian kawalan terhadap operasi didapati mempengaruhi prestasi firma usahasama antarabangsa secara positif. Sebaliknya, perkongsian kawalan terhadap teknologi diantara rakan usahasama menghalang pencapaian prestasi firma usahasama antarabangsa. Kepercayaan rakan usahasama didapati tidak memberi pengaruh signifikan terhadap prestasi firma usahasama tetapi ia mempengaruhi secara signifikan negatif terhadap konflik. Sementara itu, perkongsian kawalan terhadap teknologi, perkongsian kawalan terhadap operasi dan janji sanggup atau komitmen tidak mempunyai kesan signifikan terhadap konflik. Menariknya, kajian ini menunjukkan tiada hubungan signifikan diantara konflik dan prestasi firma usahasama.

## **Abstract**

The objectives of the present study are to determine the influence of partner relations and control factors on the performance of international joint ventures in Malaysia. The study also examines the mediating role of conflict in the relationships between the independent and dependent variables. Data from 59 manufacturing international joint venture companies were analyzed using multiple regression analyses. Based on the results, the relationship commitment and sharing of operational control were found to positively influence international joint venture performance. Contrastingly, the results revealed that sharing of technological control between partner firms inhibited IJV performance. Partner trust was found not to have a significant influence on international joint venture performance, but was significantly and negatively related to conflict. Both the sharing of technological control and sharing of operational control and relationship commitment were not significantly related to conflict. Interestingly, this study found no significant relationship between conflict and IJV performance.

## **CHAPTER 1**

### **INTRODUCTION**

#### **1.0 Background of the Study**

Multinational enterprises from all over the world have been using international joint ventures (IJVs) as a mode of entry into foreign markets. Regarded as an important tool to improve firms' competitiveness, IJVs are employed to expand markets, acquire complementary resources, access new technologies, learn new skills and know how as well as share risks. IJVs allow firms to bridge the gap between the firms' present resources and their expected future requirements (Hoffman & Schlosser, 2001). IJVs are formed in many sectors, industries, and product groups and in Malaysia, foreign investors seeking joint venture partners can choose from a wide range of local partners who suit their needs.

IJV is also an important vehicle to bring in foreign direct investment (FDI) into a country. A crucial component in the economy, the FDI is regarded as an important contributor to Malaysian economic success (Athukorala & Menon, 1995) and an important key to drive Malaysia to become a developed nation by the year 2020. In general, FDI from developed and advanced countries provide means of transferring capital, technology and managerial know how to the host countries. Since 2002, the top five countries investing in Malaysia are USA, Japan, Germany, UK, and Singapore. FDI from developed countries has provided means of transferring capital, technology and management know how to Malaysia.

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