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**THE ROLE OF KNOWLEDGE TRANSFER AND  
CULTURAL DISTANCE ON INTERNATIONAL JOINT  
VENTURE PERFORMANCE IN THAILAND**



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ON INTERNATIONAL JOINT VENTURE PERFORMANCE IN THAILAND**

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**UUM**  
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## ABSTRACT

This study examines the relationship between antecedent variables (local partner's intent to learn, local partner's capacity to learn, local partner's experience, foreign partner's capacity to transfer, foreign partner's willingness to transfer, and knowledge transfer mechanism) and knowledge transfer on international joint venture (IJV) firms' performance in Thailand. It also aims to investigate how cultural distance moderates the impact of the relationship between knowledge transfer and IJV firms' performance. The investigation is based on resource-based view of firm theory, knowledge based view theory and organizational learning theory. The research framework was developed and eight hypotheses were posited and tested. This research employs quantitative method by using questionnaire survey. Survey questionnaires were mailed and hand-delivered to the respondents. Questionnaires were distributed to 476 IJV firms. 160 of the IJV firms responded to the survey, which gave a 33.61 percent response rate. The data were analysed using the Statistical Package for Social Science. The results revealed that each of the antecedent variables and knowledge transfer have relationship with IJV firms' performance. However, the moderating effect of cultural distance has no significant relationship between knowledge transfer and IJV firms' performance. The implications of the study offer into two main benefits: firstly, the contribution to the body of knowledge in the research context which encompass the key factors in knowledge transfer that should be considered and generalized; and secondly, the inputs to the practical level particularly in the IJV firms which indicate that top managers should understand knowledge transfer to achieve better performance in IJV firms. The present study also highlights the recommendation for future research as well as the limitations of the study.

**Keywords:** knowledge transfer, cultural distance, international joint venture firms' performance, Thailand

## ABSTRAK

Kajian ini mengkaji hubungan antara pemboleh ubah penentu (hasrat belajar rakan tempatan, keupayaan belajar rakan tempatan, pengalaman rakan tempatan, keupayaan memindahkan rakan asing, kemahuan memindahkan rakan asing, dan mekanisma pindahan pengetahuan) dan pindahan pengetahuan terhadap prestasi syarikat usaha sama antarabangsa. Kajian ini juga mengkaji bagaimana jarak budaya memberi kesan terhadap hubungan diantara pindahan pengetahuan dengan prestasi syarikat usaha sama antarabangsa. Kajian ini dilakukan berdasarkan teori firma berasaskan sumber, teori berasaskan pengetahuan dan teori pembelajaran organisasi. Kerangka kajian dibangunkan dan lapan hipotesis telah diuji. Kajian secara kuantitatif ini menggunakan kaedah borang soal selidik bagi mendapatkan data. Borang soal selidik dipos dan dihantar secara peribadi kepada responden yang melibatkan 476 buah syarikat usaha sama antarabangsa. Sebanyak 160 telah diterima kembali dan menjadikan peratusan maklum balas sebanyak 33.61 peratus. Data dianalisa dengan menggunakan *Statistical Package for Social Science*. Dapatan kajian menunjukkan bahawa setiap pemboleh ubah penentu dan pindahan pengetahuan mempunyai hubungan dengan prestasi syarikat usaha sama antarabangsa. Walau bagaimanapun, jarak budaya tidak mempunyai hubung kait yang signifikan dalam hubungan antara pindahan pengetahuan dan prestasi syarikat usaha sama antarabangsa. Kerangka kajian juga boleh digunakan dalam industri pembuatan lain dan industri perkhidmatan. Kajian ini memberikan dua faedah utama. Pertamanya ialah sumbangan kepada ilmu pengetahuan iaitu faktor-faktor penting dalam pindahan pengetahuan yang perlu diberi pertimbangan. Faedah yang kedua ialah dari segi praktikal di mana bagi pencapaian yang lebih baik, pihak pengurusan tertinggi perlu mempunyai pengetahuan tentang syarikat usaha sama antarabangsa dan pindahan pengetahuan. Kajian ini juga memberikan cadangan-cadangan untuk kajian pada masa hadapan dan juga kekangan kajian.

**Kata kunci:** pindahan pengetahuan, jarak budaya, prestasi syarikat usahasama antarabangsa, Thailand

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|       |   |
|-------|---|
| FDI   | Foreign Direct Investment               |
| IJV   | International Joint Venture             |
| CL    | Capacity to Learn                       |
| IL    | Intent to Learn                         |
| EX    | Experience                              |
| WT    | Willingness to Transfer                 |
| CT    | Capacity to Transfer                    |
| KT    | Knowledge Transfer                      |
| KTU   | Overall Knowledge Transfer              |
| CD    | Cultural Distance                       |
| ASEAN | Association of South East Asian Nations |
| BOI   | Board of Investment of Thailand         |
| NICs  | Newly Industrialized Countries          |
| RBV   | Resource Based View Theory              |

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Foreign Direct Investment (FDI) is a major source of capital inflow into developing countries. Due to its relative immobility and concentration on high stake long-term profit, FDI has long been considered to be conducive to the economic growth of developing countries (Lee & Tan, 2006). FDI is becoming increasingly significant in economic and long-term growth; Southeast Asian countries benefit from foreign investments by gaining a competitive advantage in the global market. Foreign investment fosters new skills and technologies, creates new networking opportunities and increases management and marketing skills (Yue, Freeman, Bijit & Urata, 1999; Wisarn & Bunluasak, 1994; Amerasinghe & Modesto, 2010). Investments from foreign sources provide capital for growth and promote greater economic stability for Southeast Asian nations (Fan & Dickie, 2000). Moreover, Li and Liu, (2005); and Alfaro, Chanda, Ozan and Sayek (2004), posits that FDI affects economic growth and FDI has made possible not only accesses to large volumes of capital resources and foreign exchange, but also access to technology, managerial expertise, marketing skills and marketing networks.

According to Borensztein, De Gregorio and Lee (1998), FDI results in technology diffusion necessary for economic growth through a process of 'capital deepening'. FDI provides capital for continuing and creating new commercial or industrial activity, when there is a reduction in capital from other sources (Noorbakhsh, Paloni &

Youssef, 2001). Aziz and Makkawi (2012) further argue that in addition to providing employment, FDI can also be a source of transfer of managerial skills and technology and provides a boost to productivity of domestic firms.

In that regard, Southeast Asian has also experienced a record increase in FDI flows, accounting for more than 4.7 percent of world FDI inflows in 2006, up from an average of 1.8 percent in 2000 - 2004. Shenkar, Luo and Chi (2014) assert that FDI inflows into developing countries, especially major emerging economics, such as China, Brazil, Mexico and India, have markedly increased, and accounted for 52 percent of the world's total in 2012.

An increase of FDI inflows has brought many advantages to the Association of South East Asian Nations (ASEAN) or developing countries, such as Laos, Malaysia, Thailand and Singapore (Pornlapas, David, David & Gamal, 2010). According to Board of Investment of Thailand (BOI) Annual (2012), Thailand is the most successful Asian country to attract FDI and Thailand's attractiveness to foreign investors has been maintained for some time. For over thirty years, the private sector in Thailand has been successful in spite of government changes (Pornlapas *et al.*, 2010).

Kirida and Chalunthorn (2014), Thai government has played the role as the central facilitator of economic development through its promotion and support. It has also taken a positive stand towards foreign investments pouring into the country, and acknowledging their significance to the development of the country in terms of economy and technology. Chandprapalert (2000) states that Thailand, a developing economy, is growing after the government's efforts in promoting FDI activities.

FDI reaches Thailand in the form of International Joint Ventures (IJVs) as well as wholly-owned subsidiaries (WOSs). Thailand registered a substantial increase of FDI since the second half of the 1980s after the currency appreciation in Japan- a country that often looks to Thailand to form joint ventures. From the late 1980s to the late 1990s, Thailand's FDI inflows continuously increased from approximately US\$ 1 billion to around US\$ 5 billion. Foreign investors are interested in invest in Thailand because Thailand has plenty of natural resources and skilled workforce, allowing the country to succeed in business and industry (BOI, 2012). As Suwannarat, Williams, Smith and Ibrahim (2010) explain inward investors to Thailand may well be attracted by the availability good infranstructure and the geographical advantage of Thailand as a portal to entering or expanding their investments in other countries of the region.

The international surveys published on the databases of World Bank and the BOI asserted that Thailand is one of the most attractive FDI locations (The World Bank, 2014; BOI, 2014). Information from the BOI of Thailand has recorded an increase in the total number of foreign investment projects from 2007 to 2014, as shown in table 1.1. Thailand's BOI asserted that in 2007, the total foreign investment projects approved was 836 while total foreign investment value was 505,612 Million Baht; in year 2008, it was 838 projects, with 351,142 Million Baht in value. In 2009, the number of approved projects decreased to 614 and the total foreign investment value also decreased to 142,077 Million Baht. But in 2010, the number of approved projects increased to 856 while value was 279,233 Million Baht. Compared to 2009, there was an increase in both number of projects and total foreign investment value for 2010. In 2011, the number of projects was 904 and total foreign investment value was 278,447 Million Baht. It is noted that even though there was an increase in the number of

projects by 48, yet the total foreign investment value decreased by 786 Million Baht. In 2012, the number of projects was 1,357 with 548,954 Million Baht. But in 2013, the number of approved projects decreased 1,224 with 478,927 Million Baht. Therefore, in year 2014 also the number of projects decreased to 912 with 483,511 Million Baht.

Table 1.1  
Foreign Investment Projects Approved by BOI

|   | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    |
|---|---------|---------|---------|---------|---------|---------|---------|---------|
| Total Foreign Investment Value (No. of Project) | 836     | 838     | 614     | 856     | 904     | 1,357   | 1,224   | 912     |
| Total Foreign Investment Value (Mil. Baht)      | 505,612 | 351,142 | 142,077 | 279,233 | 278,447 | 548,954 | 478,927 | 483,511 |
| - IJV (No. of projects)                         | 357     | 342     | 253     | 298     | 296     | 471     | 416     | 323     |

Source: BOI, (February 11, 2015).

The harmonization of Thailand's economic development with FDI via IJV firms has played an important role in the economic development of Thailand (Pornlapas *et al.*, 2010; Kanjanavanikul, Wadecharoen and Teekasap, 2011: wadecharoen, 2015). Partners from developed countries are more likely to utilize external resources from local partners while the local partners are more likely to focus on developing new capabilities that they can get from their foreign partners. In addition, local firms utilize IJV formation for acquiring knowledge on technology, management skills, etc (Isobe, Makino & Montgomery, 2000; Park, 2008; Kim & Lee, 2007; Zhan & Luo, 2008).



According to previous studies, FDI by IJVs influences Thai economy in various areas, such as exports, employment, backward linkage and transfer of technology (Julian, 2005; Suwannarat, William, Smith & Ibrahim 2010). IJV firms are seen to present opportunities to combine resources, such as capability and knowledge, to develop new and innovative products or services (Nummela, 2003). There is also the possibility of sharing costs or to enter new markets (Glaister & Buckley, 1996; Sirmon & Lane, 2004; Park, 2008). As indicated by Barkema (1997); Gomes-Casseres (1989, 1990); and Kogut and Singh (1988) entering a foreign country through an IJV has several advantages, compared to entering through a wholly owned subsidiary. IJV allows the firm to share the costs and the risks of foreign entry and to use the local partner's knowledge about the local institutional framework, local consumer tastes, and business practices.

The IJVs' ability to take advantage of their international relations depends on the IJV firms' effectiveness to learn from their partners. Park, Im and Kim (2011) suggest that collaboration between the parties is required for successful knowledge transfer and knowledge acquisition (Lin, 2005; Anh, Baughn, Hang & Neupert, 2006; Tsang, Nguyen & Erramili, 2004; Park, Giroud, Mirza & Whitelock, 2008; Park, Rowley & Chae, 2013). Smith, Lyles and Tsang (2008) note that knowledge transfer has thus become an important research area within the broader domain of organizational learning. In Thailand, IJVs are used to utilize the knowledge of both local and foreign firms (Julian, 2001).

Hitt, Dacin, Levitas, Arregle and Borza (2000) posit that a key to IJV's success is the acquisition of knowledge. Similarly, Park *et al.* (2008) indicate that one of the primary motives for IJV creation is the acquisition of new managerial knowledge or

technological capabilities of parent firms. On this note, Das and Teng (2000) mentioned that cooperation between partners in an IJV can result in efficient utilization of a partner's knowledge and resources.

Tsang *et al.* (2004) say IJV allow foreign partners to quickly penetrate the local market knowledge and establish contacts with the host government. IJV also gives local partner a valuable mechanism to access or acquire new technologies and tacit knowledge from foreign firms (Szulanski, 1996; and Das & Teng, 2000). Similarly, Lyles and Salk (1996); and Tsang *et al.* (2004), note that knowledge transferred from parent firms can be applied to create and increase the competitive capabilities of the IJV.

Many researchers have indicated that access to the information about the local environment is also one of the most important reasons for forming an IJV with local firms (Osland & Cavusgil, 1996; Inkpen, 1998; Lane, Salk & Lyles, 2001; Park, 2010). The success of an organization depends on how knowledge is being shared or transferred between parent firms and local firms. Therefore, firms have to handle a cross-border point of view as different culture, skills and abilities require adapting the organizational skill in a variety of situations.

In order to share knowledge, the participating firms have to understand the difficulties of acquiring, transferring and integrating knowledge in a learning environment. The complexities are more intense when it relates to firms from different countries as the firms have to tackle with cultural differences and different skills (Inkpen, 1998; Hashim, 2004; Park, 2010). Inkpen (1996) notes that different knowledge, skills and experience among the partners from developed and developing countries would create a knowledge gap between them. This would create more obstacles to the learning

process. Understanding each other is the main challenge, to access, assimilate and disseminate the desired knowledge successfully.

## **1.2 Problem Statement**

Developing countries, such as Thailand, are still very dependent on foreign direct investment to propel their economic growth. IJV is an important organizational mode for expanding and sustaining global business and have been of special relevance for the emerging market (Nippa, Beechler, & Klossek, 2007). In doing so, one of the imperative factors supporting this phenomenon is the IJV whereby its performance as the mode of internationalization is used by foreign investors to enter in ASEAN region and Thailand in particular (Julia & O’Cass, 2005). According to Jain and Jain (2004) stated that each IJV has a vision and a mission on which it works to achieve its goals. For assessing the performance of any IJV, there are several business measures. Peculiarity, IJV also need to be and can be evaluated for their performance. Thus, for understanding of IJV performance dynamics is vitally important to IJV firms’ succession. Meanwhile, IJV performance is one of national strategic economic tools which lead Thailand’s economic sustainability (Wadecharoen, 2015).

In addition, IJV firms are prone to failure (Tidd & Izumimoto, 2002; Meschi & Wassmer, 2013; Lipman & Qiu, 2014). It is reported that the failure rate is around 30-60 percent and research on IJV also reveals that 60 percent of IJV formed failed to exist within the first five years of their operation (Simonin, 1996; Dereskey, 1997; Groot, Kenneth & Merchant, 2000; Meschi, 2005; Nakamura, 2005; Omar, 2006; Gutterman, 2012; Lipman & Qiu, 2014). A study by Pothukuchi, Damanpour, Choi, Chen, and Park (2002); Makino, Beamish and Zhao, (2004); Yeheskel, Newburry and

Zeira, (2004) also found that an estimated 37 percent to 70 percent of IJVs have reported performance problems which include dissatisfaction performance, economic performance, and management problems that lead to high failure rates especially in developing countries (Julian & O’Cass, 2004; Nippa et al., 2007; Wadecharoen, 2015). Similar with Stewart and Maughn (2011) Joint ventures are often difficult to capitalize as an entity, particularly in respect to debt, because they are finite in their duration and therefore lack performance. According to Julian & O’Cass (2004) found that IJVs in Thailand are not always successful and the parent firms are often dissatisfied with their joint venture firms’ performance. According to Wadecharoen (2012), Thailand are facing with economic crisis due to IJV firms are low performance of their operation.

Sushil and Sagar (2013) state that there is very limited research dealing with the performance measurement framework and this has become a major challenge for IJV firms. Also Buhovac and Groff (2012) maintain that cultural context is an important determinant of performance measurement criteria. Past study on IJV performance has identified several factors that affect IJV performance such as knowledge and skill , complement of source, IJV experience and technology (Sim & Ali, 1998); cultural distance (Pothukuchi, Damanpour, Choi & Chen, 2002; Reus & Rottig, 2009; Hunoldt, 2009); and knowledge transfer (Lyles & Salk, 1996; Park et al., 2008). On the other hand, other studies show many problems in forming IJVs such as conflicts, difficulty in sharing knowledge, dissatisfaction between partners and misunderstanding (Lane *et al.*, 2001; Lyles & Salk, 1996; Martin & Salomon, 2003; Park, 2008). Hence, Hajidimitriou and Rotsios (2009) found that knowledge transfer, cultural distance and

trust between partners are among the most significant factors that effect IJV performance.

Review of literature shows that there is a gap in studying IJV performance based on knowledge transfer and the effect of cultural distance toward IJV performance. In addition, antecedent variables of the knowledge transfer were also not widely discussed. Studies conducted in Thailand have examined technology transfer in Thailand (Sibunruang-Brimble, 1989; Wisarn & Bunluasak, 1994; Dahlman & Brimble, 1990; Forsyth, 2005; Lee & Tan, 2006), but little is known about the range of knowledge gained from IJV firms in Thailand, primarily within the area of knowledge transfer and expertise in management such as marketing, managerial skills, human resource management, business strategic thinking and techniques of the partner (Wang, Singh, Tong & Koh, 2001; Nit, 2004; Chattananon & Trimetsoontorn, 2009; Sazali, Raduan, Jegak & Haslinda, 2010; Boonyarith & Siengthai, 2014). According to Nit (2004) knowledge transfer from foreign partners has taken place in Thai joint venture firms and knowledge from an IJV can be internalized by the foreign partner to enhance the Thai local partner knowledge and skills. The emergence of Thailand Joint venture into the mainstream global economy will continue to create tremendous opportunities and challenges for the development Thai managers in IJV organizations.

There were also many previous studies that investigated knowledge exchange between foreign partners and local firms such as, in the USA, Hungary, Vietnam, China, Taiwan and South Korea, but neglected research in newly industrialized countries (NICs), such as Malaysia, Thailand, India and others (Pornlapas *et al.*, 2010). Meanwhile, analysis of IJV has been little attempt to link knowledge transfer from

partners to the performance of the IJV firms (Driffield et al., 2010; Marin & Giuliani, 2011; Harzing & Noorderhaven, 2006),

Szulanski (1996) and Das and Teng (2000) note that from the host's firm and economic perspective, IJVs represent a valuable mechanism to access or acquire new technologies and tacit knowledge from foreign firms. The sticky characteristics of tacit knowledge are the difficulties in identifying and sharing with other firms. Nevertheless, the success of knowledge transfer depend on many factors such as local partner characteristics as suggested by Steensma and Lyles (2000); Simonin, (1999); Wang et al. (2001); foreign partner characteristic (Wang et al. 2001; Gutterman, 2012); and knowledge transfer mechanism as suggested by Pak and Park (2004); and Aydin and Terpstra, (1981).

It is widely accepted that the reasons for IJV failure are often knowledge related, a fact that underlines the importance of knowledge and knowledge transfer in the success of IJVs (Hajidimitriou & Rotsios, 2009; Wadecharoen, 2015). This is because of knowledge is an intangible asset and the source of competitiveness. Furthermore not many IJV firms' in Thailand will be willing to share such knowledge with their foreign partners. A result of these IJVs performance will suffer (Mohamad, Ramayah & Hathaivaseawong, 2010). This is often cited as the main point of contention that eventually leads to the dissolution of joint ventures (Millington & Bayliss, 1999). Unfortunately, studies investigating the transfer of various types of knowledge to the local partner are still lacking in Thailand (Mohamad et al., 2010). There is very little information on how firm monitors and weighs their IJV's performance in Thailand. Nevertheless knowledge transfer among partners still exist in Thailand (Julian, &

O’Cass, 2004). This study fills that gap. Thus it is important to include these factors in the study of knowledge transfer in IJV firms’ performance.

Research on impact of cultural distance revealed inconclusive outcomes. Most studies hypothesize that greater cultural distance between partners will contribute to poorer performances of IJVs (Das & Teng, 2003; Luo, 2001; Liu, Aston & Acquaye, 2014); however, some authors suggest that cultural diversity may contribute to more creative discussions and innovativeness among partners that actually leads to improved IJV performance (Brown, Rugman & Verbeke, 1989; Earley & Mosakowski, 2000). For example, Gomez-Mejia and Palich (1997), found that culture has a positive impact on IJV firm performance. Yamin (2010) asserts that cultural distance is mainly a moderating variable interacting with other features of IJV and thus this study is motivated to examine the moderating influence of cultural distance in IJV performance.

Despite the importance of IJVs and their performance issues, studies of IJV performance are still lacking and inconclusive (Wong & Ellis, 2002; Shenkar & Reuer, 2006; Don, Mohamad & Mansor, 2013). As such it is timely and importance to undertake a study to determine the performance of IJVs.

### **1.3 Research Questions**

The main concerns in this study focus on factors that influence the IJV firms' performance in Thailand. This study intends to answer the following research questions:

1. Does knowledge transfer between local partner's characteristics, foreign partner's characteristics and knowledge transfer mechanism influence the performance of IJVs in Thailand?
2. Do local partner's characteristics (capacity to learn, intent to learn, and experience) affect the knowledge transfer in Thailand?
3. Do foreign partner's characteristics (capacity to transfer, and willingness to transfer) affect the knowledge transfer in Thailand?
4. Does the knowledge transfer mechanism affect the knowledge transfer in Thailand?
5. Does cultural distance moderate the relationship between knowledge transfers and IJV firms' performance in Thailand?

### **1.4 Research Objectives**

The purposes of this study are to investigate the factors that affect the performance of IJV firms in Thailand. Specifically, the study seeks to achieve the following objectives:

1. To examine the influence of knowledge transfer between local partner's characteristics, foreign partner's characteristics and knowledge transfer mechanism on IJVs' performance in Thailand. To examine the influence of local partner's characteristics (capacity to learn, intent to learn, and experience) on the knowledge transfer in Thailand.



2. To examine the impact of foreign partner's characteristics (capacity to transfer, and willingness to transfer) on the knowledge transfer in Thailand.
3. To examine the impact of the knowledge transfer mechanism on the knowledge transfer in Thailand.
4. To investigate the moderating effect of cultural distance on the relationship between knowledge transfer and IJV firms' performance in Thailand.

## **1.5 Significance of the Study**

This study has a number of potential benefits, which are described below:

### **1.5.1 Practical Significance**

This study makes significant contributions to increase the performance of IJV firms in Thailand. The results may also be helpful to the managers, academics, industries and Ministry of Thailand in the application of strategic planning through successful knowledge acquisition of IJV firms in Thailand.

One of the biggest challenges for managers in IJV firms is to coordinate diverse cultures and educational backgrounds. Managerial styles reflect the expectations of IJV partners. Successful management requires compromise, respect and understanding of the differences, and integration of the strengths of both styles to overcome the weaker points.

The results of this study can help to improve the implementation of the right way to develop Thai joint venture firms. By understanding more of these two central concerns, we will be aware of what are the influences of transfer of knowledge and culture distance on knowledge transfer, including: marketing, management expertise acquisition, human resources management and business strategy on IJV firms'

performance. This study focuses on the extent to which the local partner is receptive to the knowledge gained from the foreign partner.

This study works within the context of prevailing theoretical views in order to provide new empirical evidence on the determinants of IJVs' performance. Therefore, this study builds on the existing literature by examining new data and providing new empirical insights into IJV firms' performance. Knowledge transfer in different cultural contexts is more challenging than technology transfer for many firms to survive as well as to grow in the current competitive business environment. The successful design of these processes and transferring knowledge across the border are the major challenges. Managers try to avoid misunderstandings between partners in international alliance because cultural differences can lead to a high level of dissatisfaction and unsustainable collaboration (Shenkar & Zeira 1992; Park & Ungson 1997). Shenkar (2001) points out that cultural misunderstanding remains a greater challenge because cultural differences are more likely to lead to conflict and failure of IJVs. Therefore, the understanding of national culture is necessary in order to avoid cultural conflict and lead to successful IJVs (Salk & Brannen, 2000).

Knowledge acquired can expand the partner firms' competitiveness and abilities. The utilization and internationalization of the abilities can lead to the creation of a competitive advantage and sustained competitiveness, and at the same time, enhance the long-term performance of the IJVs. As the ultimate goal of knowledge acquisition is to improve firms' competitiveness and performance, performance is used in this study as an indicator to represent the acquired knowledge.

A recent trend in the field of strategic management has been to emphasize the role of organizational knowledge as a basis of competitive advantage of particular

organizations (Argote & Ingram, 2000). Previous studies show the failure rate of IJVs is found to be higher in certain countries (Ozorhon, Ardit, Dikmen and Birgonul, 2007; Anderson, 1990; Geringer & Hebert, 1989, 1991; Harrigan, 1986; Hennart, 1988; Parkhe, 1993). Further, IJV firms' performance has been fragmented rendering an inconclusive finding which has lead IJV firms' performance to be unpredictable. Thus, to examine these issues the key purpose of this study is to identify IJV success factors from the perspective of knowledge transfer between IJV partners.

### **1.5.2 Theoretical Significance**

Theoretically of this study makes significant contribution in several aspects. Firstly, this study will enhance understanding of the resource based view, knowledge based and organizational learning theory of the firm in explanation of all variables in this study such as local partner' capacity to learn, foreign partner's capacity to learn, knowledge transfer and IJV firms' performance. These theories have been used to measure on knowledge transfer and IJV firm's performance. In addition, this study shows whether the theory is also able to explain the firm business performance that is jointly formed between foreign and local partner firm.

Secondly, the findings of this research have a major contribution to the body of knowledge, in the realm of knowledge transfer, local partner's capacity to learn, local partner's intent to learn, local partner's experience, foreign partner's capacity to transfer, foreign partner's cancapacity to transfer and foreign partner's willingness to transfer and knowledge transfer mechanism on IJV firms' performance of IJVs in Thailand. This study also contributes the explanation of the impact of knowledge transfer as one of important factor for successful IJV venture. Many sholars claim that knowledge transfer is a key route for organizations to share and create knowledge

(Grant, 1996; Pak & Park, 2004; Buckley, Glaister, Klijn & Tan, 2009). This can result in enhanced competitive advantage (Desouza & Evaristo, 2003; Hassen, Nohria & Tierney, 1999)

Lastly, the role of cultural distance as a moderating effect between knowledge transfer and IJV firms' performance is also tested. The result of this study also shows that cultural distance has insignificant on the relationship between knowledge transfer and IJV firms' performance.

In addition to the lack and limited number of studies on knowledge transfer and IJV firms' performance in case of IJV firms in Thailand (Julian & O'Cass, 2005; Nit and Wanida, 2010; Wadecharoan, 2015). The available research works regarding knowledge transfer and cultural distance are still fragmented and there is a lack of clear comprehension of the factors influencing on IJV firms' performance which is indicated the measurement by use subjective performance.

## **1.6 Definition of Key Terms**

The following are definitions and descriptions of terms used in this study:

**1. International Joint Venture (IJV)** is defined as two or more legally distinct organizations with at least one parent organization located outside the joint venture's country of operation (Geringer, 1988; Zhan and Luo, 2008; Glaister, 2004).

**2. Capacity to learn** refers to the Thai firms' absorptive capacity, such as creativity and flexibility in adapting to change (Lyles & Salk, 1996) as well as the ability of the Thai firms to meet the foreign partner's requirements (Wang *et al.*, 2001).

**3. Experience** refers to the familiarity of new knowledge (Lane & Lubatkin, 1998) as well as the relevant prior knowledge or experience of Thai firms (Simonin, 1996).

**4. Intent to learn** refers to a firm's initial propensity to view collaboration as an opportunity to learn (Wang *et al.*, 2001).

**5. Capacity to transfer** is defined as the possession of firm-specific knowledge, and the ability to impart knowledge in a form that can be assimilated by the local partner Wang *et al.*, (2001).

**6. Willingness to transfer** is defined as the predisposition to provide knowledge to the local partner (Wang *et al.*, 2001).

**7. Knowledge transfer mechanisms** refer to several mechanisms that foreign partners utilize to transfer knowledge (Aydin & Terspra, 1981).

**8. Knowledge transfer** is defined as the process of a systematically organized exchange of information and skills between entities (Wang, Tong & Koh, 2004). Knowledge transfer is also defined as the process by which members within an organization learn from each other (Kalling, 2003).

**9. Cultural distance** is defined as the difference between the national cultural characteristics of the home and of the host countries in cultural values, norms, and attitudes toward social and economic issues (On, Liang, Priem, & Shaffer, 2013; Yamin & Golesorkhi, 2010).

**10. International joint venture performance** refers to the outcome in the IJV firms when doing business. This study focuses on subjective performance of the IJV firms, i.e., satisfaction with goal and profit (Ainuddin, Beamish, Hulland & Rouse, 2007).

### **1.7 Scope of the Study**

The study is limited to IJV firms in Thailand. This study focuses on the IJV firms' performance in Thailand from the perspective of knowledge transfer and cultural distance. This study also investigates the local partner's characteristics, foreign partner's characteristics and effect of knowledge transfer mechanism on knowledge transfer. In addition, this study looks at absorptive capacity and knowledge transfer capacity system in the field of business knowledge.

In brief, the issues of transfer of knowledge from IJVs to Thai firm's absorptive capacity, knowledge transfer capacity, and knowledge acquisition are explored.

### **1.8 Organization of Remaining Chapters**

This study is divided into five chapters. The first chapter presents the phenomena to be explored and the introduction of the study, problem statement, objectives of the study, research questions, and significance of the study and definition of key terms.

Chapter two presents the literature review, elaborating on the various concepts and theories related to all of the variables in this study. This chapter also discusses on the development of research questions and hypotheses drawn from the model.

Chapter three shows the conceptual framework and research methodology employed in this study, which includes research design, data collection procedures, questionnaire development, measures used, data preparation procedures, and statistical techniques used in the data analysis.

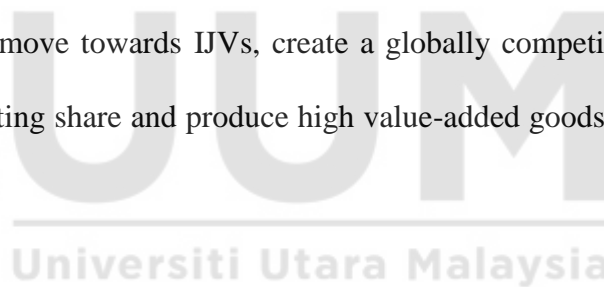
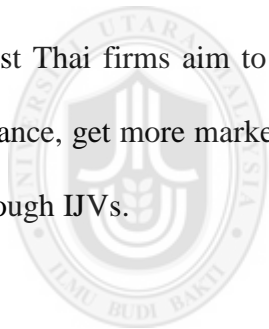
Chapter four examines the goodness of measure, reliability and validity of constructs used in this study. This chapter also reports the empirical results of the study.

Chapter five discusses the principle findings, conclusion, the limitation of the study, future research, and provides some conclusions for the implications to which future studies could be built upon.

### **1.9 Conclusion**

IJVs are undergoing rapid changes as industries face increasing competition in global business. Various studies have been conducted on the process of knowledge acquisition. However, where the local partner is from a developing country and the foreign partner is from a developed country, findings are still unclear. The knowledge gap and cultural distance between partners have added more challenges for the foreign partners from developed countries to deal with and influence firms' performance.

Most Thai firms aim to move towards IJVs, create a globally competitive strategic alliance, get more marketing share and produce high value-added goods and services through IJVs.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This is primarily concerned with literature on various major areas important to the research, focusing on IJV firms' performance in Thailand, antecedent variables, knowledge transfer between IJV local partner's characteristics and foreign partner's characteristics and knowledge transfer mechanism. In addition, this study tries to review the literature relating to cultural distance.

This chapter is divided into six sections. The first section is an overview of IJV, motivation of IJV, the advantage of IJVs as a foreign market entry and factors affecting the success of the IJV. The second section is explained on IJV firms' performance. The third section is an overview of the concept of knowledge transfer and knowledge transfer and IJV success. The fourth section illustrates the antecedent variables including local partner's characteristics, foreign partner's characteristics and knowledge transfer mechanism. The fifth section describes on the cultural distance. And the sixth section provides the underpinning theories and review of previous studies.

#### **2.2 International Joint Venture (IJV)**

An IJV is defined as two or more legally distinct organizations (the parent) and different cultural characteristics, with each of them participating in the decision-making activities of the jointly owned business (Geringer & Hebert, 1989; Zhen & Larimo, 2010; Gutterman, 2012). Ellis, Scott, Woollard and Shiraj (2011) define IJV



as a new entity, partly owned by both sides, in which liability of the shareholders is limited to the assets they brought to the business. Compared to wholly owned subsidiaries, it is claimed that in IJVs knowledge flow is freer and developing new skills is easier (Luo, 2002). IJV is separate legal organizational entities partially held by parent firms originating from different countries (Shenkar & Zeira, 1987) that are extensively used in a world of globalized markets and competition. In addition to other economic benefits, IJV promises coordination cost advantages, improved knowledge flows, shared risks and access to complementary resources (Contractor & Lorange, 2002). The authors note that the need to establish an IJV is to increase competitive advantages and face challenges in terms of technology in today's environment. Tsang *et al.* (2004), posit that using IJV as a market entry allows foreign partners to quickly penetrate the local market knowledge and establish contacts with the host government. Buchel, Prange, Probst and Ruling (1998) propose a comprehensive view for joint venture management and suggest looking at the IJV system, i.e., the entire structure of relationships between the IJV itself and its partner companies. This point of view allows the investigation of the interactions or inferences either between or among partners such as, partners to IJV and IJV to partners.

According to Ellis, Scott, Woollard, and Shiraj (2011), an IJV is a limited liability company formed by a foreign investor and the foreign party should hold more than 25 percent of the shares. Killing (1983) identifies two types of IJV: majority holding or dominant partner; and equal participation. The majority holding refers to a firm that has more than 70 percent equity or has dominant control over the new structure; while equal participation refers to a firm that has the equal amount of equity, namely 50-50 participation.

According to Gong, Shenkar, Luo, and Nyaw (2005), IJV system consists of subsystems linked to national, cultural and legal aspects of an organization. IJV also refers to the collaboration between two or more partners in firms from distinct countries that are independent in areas not under such collaboration (Holtbrügge, 2004).

Moreover, Deresky, (2002); and Zheng and Larimo (2010), show that IJVs are one of the efficient strategies for entry into the global market. Woodside and Pitts (1996) note that multi-national enterprises may use joint ventures to penetrate foreign markets quickly. According to Mead (1998); and Park *et al.* (2008), in the 1990s, forming an IJV was popular and replaced wholly-owned subsidiaries (WOSs). IJVs are acknowledged as an invaluable facilitator that enables both foreign and local firms to collaborate on firm-specific knowledge within the entities (Si & Bruton, 1999).

Nowadays, the management of international businesses continues to grow in consequence of this phenomenon; many firms around the world are entering into partnerships with other countries' firms. Firms need to have the right collaborative strategies that can adapt to the rapid global changes and address global business issues creatively. Demirbag and Mirza (2000) note that from the end of the 1980s, IJVs established through the collaboration between local firms and MNEs was for the purpose adapting to new economic trends. Ireland (2002) and Park *et al.* (2008) stress that extensive and swift expansion of IJVs has been experienced around the world and in all sectors.

Vaidya (2009) notes that IJVs are strategic alliances or partnerships among firms and various approaches are used. For example, marketing, resources and networking. According to the author, there are many benefits for organizations to form IJVs such

as internal benefits (generate internal strengths such as cost and risk sharing); competitive benefits (the creation of more effective competitors); and strategic benefits (technology transfer and diversification).

One reason to forming IJV is because of frequently used abroad, particularly in developing countries, is that many host countries have required that foreign investment take the form of an IJV rather than a wholly-owned subsidiary (Gutterman, 2012). This research focuses on the IJV, which has become an important element of a multinational corporation's strategic alternatives (Lorange & Probst, 1987; Geringer & Herbert, 1989). Establishing an IJV is not only for its strategic use (in gaining access to strategic markets, acquiring low-cost labor/material or trade barriers), but also because of its relative low risk and revenue enhancing functions. Similar with Lipman and Qiu (2014), state that an IJV can spread the cost and limit the risk of commercializing new technologies.

Meanwhile, Pornlapas *et al.* (2010), although Thailand is at the forefront of developments in the ASEAN region but little work has been presented on collaborative ventures in Thailand. Hence, foreign countries are increasingly interested in investing capital in Thailand and concerned about the role of Thailand in fostering Thailand's economic growth and toward stronger IJV firms with other countries. In Thailand a significant proportion of economic growth has occurred as a consequence of foreign investment in joint ventures (Lyles & Leelakulthanit, 2000). According to The global financial crisis in 2008 severely cut Thailand's exports, with most sectors experiencing double-digit drops (Julian & O'Cass, 2002; Chirathivat & Mallikamas, 2010; Pongpattananon & Tansuwanarat, 2010).

### **2.2.1 International Joint Venture in Thailand**

Thailand enjoys a strategic location and serves as a gateway into the heart of Asia – home to what is today the largest growing economic market. Foreign investments, especially those that contribute to the development of skills, technology and innovation are actively promoted by the government. Thailand consistently ranks among the most attractive investment locations in international surveys. The World Bank's Ease of Doing Business 2016 report places Thailand as the 49<sup>th</sup> easiest country in the world and the 2<sup>nd</sup> in emerging economies in Southeast Asia to do business. Moreover, Thailand has gained a well-deserved reputation throughout the world for its gracious hospitality. The friendliness of its people and the diverse nature of Thai culture make visitors feel safe and at home in Thailand (BOI, 2016).

Likewise, the United Nations Conference on Trade and development (UNCTAD) ranks Thailand as the 8th most attractive host economy in the world for 2014-2016. Moreover, Thailand was selected as the South East Asian Country market to be investigated because of the availability of a large and reliable sampling frame provided by the Thai Board of Investment, a conducive foreign direct investment (FDI) climate in which the IJV mode of FDI was likely to proliferate and its importance as a future production platform for growth oriented domestic firms (Julian & O'Cass, 2002).

According to Pornlapas *et al.* (2010), the most important factors affecting foreign firms' location choice are future market expectations in the region, lower labor cost, and favorable infrastructure. The data indicates that other major factors influencing IJVs' decision to select Thailand as host country include market size, skilled labour, political and economic stability, assistance and incentives of the Thai government, cheap raw materials, and liberal foreign exchange control and the possibility of

remitting profit. Below these factors come the favorable geographical location of Thailand, the existence of strategic Thai partners, Thai society and culture, matching competitors' strategies in this country, and a means to overcome trade barriers.

The data of foreign direct investment in Thailand as show in table 2.1 has classify the type of industry in Thailand into 7 sections. The most popular sector of foreign investors is metal and machinery production and followed by electric and electronic sectors and service (BOI, 2014).

Table 2.1  
*Contributions of Foreign and Local partners to a international joint ventures*

| Sector                             | 2011 |              | 2012  |              | 2013  |              | 2014 |              |
|------------------------------------|------|--------------|-------|--------------|-------|--------------|------|--------------|
|                                    | No   | Million Baht | No    | Million Baht | No    | Million Baht | No   | Million Baht |
| Agriculture                        | 64   | 18,360.7     | 69    | 24,206.6     | 61    | 25,662.2     | 37   | 9,782.7      |
| Mineral/<br>Ceramic                | 31   | 24,960.5     | 31    | 22,444.3     | 26    | 32,103.3     | 27   | 20,126.5     |
| Light/<br>Textiles                 | 62   | 11,501.4     | 69    | 21,998.0     | 67    | 17,377.2     | 37   | 11,430.0     |
| Metal/<br>Machinery                | 300  | 86,158.2     | 452   | 191,629.3    | 410   | 203,097.2    | 296  | 294,165.0    |
| Electronic/<br>Electronic products | 180  | 61,196.3     | 261   | 122,213.0    | 241   | 83,583.0     | 168  | 64,605.6     |
| Chemical/<br>Paper                 | 101  | 37,960.3     | 183   | 65,115.7     | 169   | 51,402.5     | 106  | 38,290.3     |
| Services                           | 166  | 38,309.1     | 292   | 101,351.4    | 250   | 65,702.0     | 241  | 45,110.7     |
| Total                              | 904  | 278,446.5    | 1,357 | 548,954.3    | 1,224 | 478,927.4    | 912  | 483,511.0    |

BOI, 2014

The largest of foreign investment in Thailand manufacturing sector was derived from Japan and follow by Taiwan and Hong Kong (BOI, 2014; Wadecharoen, 2011). Since, doing business in Thailand emergent market is different than doing business in Japan. IJV strategic alliance is enable Japanese firms spread the risk due to unfamiliar business climate and fast entry to penetrate a new market. Selecting a right partner is primary step to capture the successful ladder of IJVs. The foreign direct investment (FDI) inflow comes from Japan and continue to increase from 1,362 million USD in

2009 before reaching to 4,561 in 2011. The trend of Japanese investment inflow is increasing in Thailand as recipient country year after year.

This investment from Japan is using Thailand as the base location for their offshore production, and at least 80 percent of their productivity is export oriented (Wadecharoen *et al.*, 2012 & Kanjanavanikul *et al.*, 2011). As explained by Wadecharoen *et al.* (2012) IJVs are the major source of national business which have driven Thailand's economy dramatically. Particularly in 2012, IJV projects have booster up to 471 projects, from 175 projects or 37 percent-in 2011. Despite the Thai partners as the host country, the company could not enhance their firm's competitive advantage as much as they expect before engaging in IJV.

The use of IJV allows local partners better access to knowledge and marketing as well as distribution management in order to meet higher performance (Mohamed, Ramayah & Hathaivaseawong, 2010). However, several studies have shown that knowledge transfer in IJV in Thailand can be very difficult. For example, Wadecharoen *et al.*, (2012) posited that the number one problem that caused difficulty in knowledge transfer is lack of partner dependency.

As with other studies on IJVs, the success prefers IJVs are still unpredictable and fragmented (Wadecharoen & Nik, 2011; Robson, Leonidou & Katsikeas, 2002). Therefore, Thailand is an important dimension of contemporary business, and arguably, the factors influencing IJV performance and other outcome variables in this economic region of the world may be different due to cultural, economic or several reasons. Thai economy has encouraged foreign firms not only to use Thailand as a production base but also to tap the market potential of its domestic and regional markets (Mohamed, Ramayah & Hathaivaseawong, 2010). Hence, from the previous

information above, the researcher interested to examine the role of knowledge transfer and cultural distance on IJV performance in Thailand.

### **2.2.2 Motivation of International Joint Ventures (IJVs)**

According to Astley (1984); Bresser and Hall (1986); Phoocharoon, Cuyvers and Chomvilailuk (2001); and Liu, Xiao and Huang (2008), IJV is one of the strategies to create competitive strength in the face of global competition. Competition in the business world has a panic effect on the marketing environment and is a great opportunity for firms to improve competitiveness and market position. Firms must choose an appropriate strategy or change and develop strategies due to the stress from external market conditions (Hashim & Abu Bakar, 2009).

Moreover, an IJV is one of the entry modes for acceleration of foreign market access by overcoming trade and political barriers, and facilitate sharing of resources and risks (Makino & Beamish 1998; Talay & Cavusgil 2009). Specifically, this entry mode will facilitate technology, knowledge and innovation transfers, and heighten economic prospects (Buckley & Casson 1996; Sazali *et al.*, 2010; Mohamad, Ramayah & Hathaivaseawong, 2010).

Major motives indicated in the relevant literature for parent firms to form a new IJV are, to jointly generate new knowledge, to access and acquire knowledge from each other and to complement each other's missing knowledge (Meier, 2011; Choi & Beamish, 2013). Gomes- Casseres (1988) identifies three major motives of IJVs: 1) Supply-based IJVs, which are organized along the supply line and involve resource transfer beyond simple exchange relationship. These IJVs are mainly established to reduce transaction costs and enhance the possibility for the development of

innovations; 2) Learning-based IJVs motivated by the creation and transfer of tacit knowledge across organizational boundaries; and 3) Market-based IJVs motivated by a need to reduce competition. Fundamentally, IJVs are motivated by the desire to achieve some benefits of global strategy or, from a resource dependence perspective, the need to compensate for the absence of or weakness in a needed asset or competency (Nielsen, 2003).

According to Kogut (1988), the motivation of joint ventures is not only equity control, but also to focus on the transfer tacit of knowledge. Haa and Evangelistab (2007) notes that an IJV is a source of learning from partners and the firms can generate advanced knowledge from partners. Besides, IJV is also a good opportunity for the firms to know more and gain know-how from other firms. Berdrow and Beamish (1999) reveal that the use of IJVs has strategic importance to a firm's operational ability to control international business activities and increase experiential knowledge, which are critical for further overseas business. Furthermore, Park (2009a), proposes that IJVs are considered as a major element of a both firm's internationalization and expansion of market.

Bener and Glaiste (2010) suggest the purposes of forming IJV are to take advantage of opportunities or remedying a resource deficiency that they lack. In addition, Li *et al.*, (2009); and Gutterman (2012) suggest that IJVs offer various advantages in terms of productivity and enhanced mutual commitment through knowledge creation. The authors point out that the mutual relationship of IJV partner can offer:

1. Local partners can demand the advanced knowledge from foreign partners.
2. Local partners can provide the general information, rules and constraints.



3. IJVs achieve local network with governments and other relevant institutional entities.
4. An IJV can enhance local management skills and facilitate the transfer of new technologies into the country.
5. An IJV can improve the local partner's ability to gain access to international marketing and manufacturing resources of the foreign partner.

Table 2.2 shows the contributions of foreign and local partners when setting up an IJV:

Table 2.2

*Contributions of Foreign and Local partners to a international joint ventures*

| <b>Contribution of</b>   |   |
|--|---|
| <b>Foreign Partner</b>   | <b>Local Partner</b>  |
| <ul style="list-style-type: none"> <li>• Technology</li> <li>• Product know-how</li> <li>• Patents</li> <li>• Business &amp; Marketing expertise</li> <li>• Technical training</li> <li>• Management development</li> <li>• Finance</li> <li>• Access to international distribution channels</li> <li>• Increased exports</li> <li>• Increased employment</li> <li>• Improved competitiveness</li> </ul> | <ul style="list-style-type: none"> <li>• Knowledge of local political situation, economy, and customs of the country</li> <li>• General management</li> <li>• Access to markets</li> <li>• Marketing personnel and expertise</li> <li>• Local capital</li> <li>• Contacts and relationships with host country governments</li> <li>• Plants, facilities, and land of local partners</li> <li>• Recruitment of local and trade union relationship</li> <li>• Access to local financial institutions</li> </ul> |

Source: United Nations Centre on Transnational Corporations (UNCTC), (1987)

In addition, Madhok (1995) mentions that the benefits of IJVs is rapid market penetration, increased survival and increased organizational performance. Suwannarat (2010) points out that by participating in IJV, firm managers can expand their networks to obtain social benefits to create more economic benefits and increase job opportunities within the firm.

Pornlapas *et al.* (2010), present important factors that motivate foreign firms to choose Thailand and invest in IJVs: the future expectations in the region for marketing, lower labor costs, favorable infrastructure, market size, skilled labor and political and economic stability. Dunning (1993) notes that Thailand has to pay attention to IJVs because of many reasons such as, global trend, the business environment is rapidly changing.

Nowadays, Thai companies actually have many opportunities for growth, including world-class joint ventures with strong strategic alliances among firms and managers' excellent performance. Unfortunately, knowledge transfer to the host country and cultural differences have not been considered when companies implement IJVs (Nit & Wanida, 2010; Pornlapas, 2010; Wadecharoan, 2015).

### **2.2.3 The Advantages of IJVs as a Foreign Market Entry**

According to Nimal (2011), there is a strong relationship between foreign investment and economic growth. Larger inflows of foreign investments are needed for the country to achieve a sustainably high trajectory of economic growth. There are several irrefutable reasons for this. For the economy to grow by seven to eight percent a year, there is a need to invest around 35 to 40 percent of GDP, where the level of domestic savings are insufficient. FDI which, in addition to significant capital investment and promoting domestic investment, also helps promote job creation and contribute to the transfer of new technologies. However, the expansion of the economy still needs to rely on other factors, such as human resources policy, trade, economic freedom, infrastructure and economic stability, etc. (Prajaksilthai, 2014).

According to the Board of Investment in Thailand (BOI) (2012), the total investment of IJV firms in 2011 increased compared to 2010 from 95 Million Baht in 2010 to 108 Million Baht in 2011. Thailand's economy expanded 7.8 percent, its fastest pace since 1995. Thus, Thailand's industries (such as Agricultural Products, Metal Products and Machinery, Light Industries/Textiles, etc) recovered from the second quarter of 2012 with GDP growth at 6.5 percent in 2012. In addition, with IJV firms, unemployment is less than one percent of the labor force, one of the lowest levels in the world (World Bank, 2013). In 2013, the annual real growth rate of GDP was 2.9 percent and Gross Domestic Investment was 29.3 percent of GDP (BOI, 2014). As shown in Table 2.3.

Table 2.3  
*Employment from foreign investment in Thailand by the Board of Investment (BOI)*

|      | Employment |            |
|------|------------|------------|
|      | Thai       | Foreigners |
| 2007 | 154,078    | 3,296      |
| 2008 | 120,294    | 2,957      |
| 2009 | 73,092     | 2,190      |
| 2010 | 158,864    | 2,558      |
| 2011 | 94,768     | 7,372      |
| 2012 | 192,120    | 3,845      |
| 2013 | 165,269    | 3,736      |

Source: Board of Investment of Thailand (BOI), (2014).

According to Hamill and Hunt (1998); and Young, Hamill, Wheeler and Daview (1989), IJVs to investment and entry in other counties because of have many advantages:

- Foreign market expansion with reduced financial commitment;
- The value chain activities of partners leading to cost saving, greater efficiency and enhanced international competitiveness;

- Foreign market expansion with reduced management commitment due to the contribution of local partners;
- Reduced political risk through involvement of local partners;
- IJVs allow a greater degree of parent company control compared to other forms of foreign market entry, such as licensing and non-equity contractual agreement; and
- IJVs may result in greater long-term penetration of foreign markets, e.g., promotion of local image, proximity to markets, etc.

#### **2.2.4 Factors Affecting the Success of the International Joint Ventures (IJVs)**

Research on success factors for managing IJVs has received broad attention, resulting in a variety of studies. IJVs are capable of providing strategic advantages, such as business synergies, technology and skills transfer and diversification in the true sense (Blake Newport new, 2007). Many factors contribute on the IJV successful such as, IJV knowledge and skill influencing to performance, complement of source, IJV experience and technology (Sim & Ali, 1998); culture (Pothukuchi, Damanpour, Choi & Chen, 2002); and knowledge transfer (Lyles & Salk, 1996; Park *et al.*, 2008). These factors are important components to determining either the success of IJVs.

Accessing local knowledge improves performance in IJVs and learning leads to competitive advantage in the long run (Inkpen & Crossan, 1995; Inkpen & Dinur, 1998; Beamish & Lupton, 2009). IJVs which are characterized as equity based strategic alliances are claimed to be more effective than non-equity based strategic alliances in terms of transferring technological capabilities (Mowery, Oxley &

Silverman, 1996). One important reason for this is that, in IJVs direct transfers of employees, as carriers of tacit knowledge, between firms is much easier (Kogut, 1988).

In addition, IJVs have been defined from several perspectives based upon the purpose of their formation. Nonetheless, the view of goal accomplishment underlies most interpretations (Beamish & Delios, 1997; Anderson, 1990). Thus, IJVs' performance is defined as the degree of the firm s' goal accomplishment (Schuler & Tarique, 2005). According to Griffith, Zeybek and O'Brien (2001), foreign partners will share or transfer the capital and information in terms of manufacturing, marketing, and managing aspects to the local partner. These are the advantages of forming IJV.

According to Luo and Park, (2004); and Tsang (2002), IJV can be exists because of the resources provided to it by the foreign and local partners. However, gradually it tends to develop its own unique resources and capabilities distinct from its partners. Zheng and Larimo (2010) study in China shows IJV can be successful if the local partners can learn from the ventures. The IJV involves sharing the capacity among others to make the firm more politically stable. Over the last decade, there has been a new focus on the effect of competitive strategy on the performance of the firm (Thompson, Gamble & Strickland, 2004; David, 2008). Kim *et al.* (2011), examine the impact of resource acquisition on IJV performance and find that all IJVs are able to exploit the acquired resources effectively in order to generate positive performance.

Academics and practitioners are of the consensus that an effective competitive strategy can result in competitiveness that can be sustained throughout the years. Firms can gain advantage by exposing their employees to other countries and this could lead to the establishment of new international markets, corporate culture sustainability,

coordination and control as well as technology, knowledge and skills transference (Klaus, 1995; Huang, Chi & Lawler, 2005; Shay & Tracey, 2009).

Internally, the undertaking allows building on firms' strength in IJV. For example, cost and risk reduction by enhancing financial resources, new technologies and customer access and eventually, improving income. IJV firms often create significant competitive entities that offer superior speed and agility to enter into markets which consequently affect the industry's structural changes.

Hitt, Dacin, Levitas, Arregle and Borza (2000) assert that IJVs have the potential to enhance business synergies through technology and skills transfer and diversification. Home country firms (foreign partner) will be the counterpart partners with their host country (local partner). It will provide the opportunity for international access and integrated knowledge that involves modern technologies, experience of management and learning in various forms.

Table 2.4 below shows the the previous studies on IJVs' performance:

Table 2.4  
*Summary of prior finding studies on IJV performance*

| <b>No.</b> | <b>Author</b>                    | <b>Dependent variables</b> | <b>Finding</b>  |
|------------|----------------------------------|----------------------------|---|
| 1          | Lyles and Salk (1996)            | Overall performance        | Foreign partner assistance is significantly and positively related to performance |
| 2          | Geringer and Herbert (1992)      | Business performance       | Control has positive significant on IJVs performance                              |
| 3          | Sulaiman, Kechik and Wafa (1999) | Overall performance        | Transfer of knowledge has positive influence on IJV performance                   |

Table 2.4 (Continued)

|    |  |                          |   |
|----|--|--------------------------|---|
| 4  | Geringer and Freyn (1990) and Mirza (1994) | IJV performance          | Learning as an input which can offer great potential in promoting performance   |
| 5  | Steensma and Lyles (2000)                  | IJV performance          | Foreign parent in term of organizational and managerial know-how contributes significantly to IJV performance   |
| 6  | Pangarkar and Lee (2001)                   | Overall performance      | Cultural distance has positive influence on IJV performance   |
| 7  | Tsang (2002); Zhan and Luo,(2008)          | IJV performance          | Leaning is capability-building can be applied to the IJV in the acquired resources and transformed into IJV capabilities to positive affect IJV performance |
| 8  | Lu and Beamish (2006)                      | Subjective performance   | International experience will be positively related to a subjective performance measure   |
| 9  | Lowen and Pope (2008)                      | IJV performance          | International experience has a positive to IJV performance  |
| 10 | Park, Vertinsky and Lee (2012)             | IJV performance          | Tacit knowledge acquisition positively influences IJV performance   |
| 11 | Bener and Glaister (2010)                  | Performance expectations | National cultural difference not significance with the IJV performance  |
| 12 | Yao, Yang, Fisher, Ma and Fang (2013)      | IJV performance          | knowledge absorption has effectiveness to IJV performance in China and new product performance  |

Table 2.4 (Continued)

|    |                                     |                             |  |
|----|-------------------------------------|-----------------------------|--|
| 13 | Kobernyuk, Stiles and Ellson (2014) | IJV performance             | Culture similar has a positive and influences on IJV in Russia success             |
| 14 | Zheng and Larimo (2014)             | IJV performance             | Partner Commitment has positive on satisfaction in IJV performance on IJV in China |
| 15 | Wadeechooen (2015)                  | IJV performance in Thailand | Transfer of knowledge is positive significant on IJV performance                   |
| 16 | Larimo, Nguyen and Ali (2016)       | IJV performance             | Cultural distance has a negative effect on IJV performance                         |

Source; Author

### 2.3 International Joint Venture (IJV) Firms' Performance

An important stream of research centers its attention on factors that influence IJV firms' performance (Luo, 1997; Park & Ungson, 1997). The performance of IJVs continues to be a challenging issue. However, not all of these ventures are successful (Tidd & Izumimoto, 2002; Lipman & Qiu, 2014). Lipman and Qiu (2014) note that General Motor's (GM) joint venture in Fiat failed within a few years. GM also had a joint venture with Suzuki from which has not good result for their operation. Likewise, its joint endeavor with Subaru never created any advantages to GM. As indicated by Ellis, Scott, Woollard and Shira (2011), the popularity of IJVs has been steadily decreasing. Previous studies indicate a high failure rate of IJV firms as a result of management difficulties and dissatisfaction with IJV performance when compared to other alternative forms of market entry and operations (Pearce, 1997; Barkema, Shenkar & Vermeulen, 1997; Buchel *et al.*, 1998; Robson, Leonidou & Katsikeas 2002). Woodside and Pitts (1996) state that one of five major causes of failure of IJV



firms is a decline in resource contribution by the Multinational enterprises (MNEs) participating in the IJVs.

Many studies on IJVs' performance have shown that IJVs have encountered high failure rates. According to Harrigan (1988); Kogut (1988); Leonidou, Katsikeas and Samiee (2002), the high rate of failure is caused by the difficulty and complexity of managing joint ventures internationally. According to Reuer (2000); and Dhanaraj and Beamish, (2004), the dissolution rate is 50 percent. This rate is as high as those of mergers and acquisitions in new industries (53.4 percent), and it is greater than the dissolution rates for internal ventures (44.0 percent) and corporate buyouts (21.4 percent).

IJV firms formed between foreign and local countries have encountered many problems. It has been found that the basic problems of the IJV firms are that they are difficult to form, easy to misunderstand and are coupled with considerable frustration (Crossan & Inkpen, 1995; Martin & Salomon, 2003; Tsang *et al.*, 2004). IJV firms have the tendency to be risky and highly unstable (Blodgett, 1992; Parkhe, 1993; Child & Yan, 2003; Fey & Bemish, 2000; Denning, Hulburt & Ferris, 2006). Similarly, Osborn (2003); Ding (2004); and Lipman and Qiu, (2014), state that IJV firms are risky and encounter more failures. IJVs are identified to be highly volatile, change rapidly and have a very low chance of success.

The influence of different cultures in the case of IJVs adds to the risk of misunderstanding and failure in cooperation. In Hungary and Britain, IJVs' effectiveness is based on understanding in terms of cultures and managerial sensitivity to avoid uncertainty across cultures, knowledge transfer and trust among parent firms (Newbury & Zeira, 1999). Beamish (1993) reveals that the United States'

dissatisfaction with the performance of joint ventures in China and failure rate is beginning to grow. He found that the performance is low and fundamental management between partners is difference. In Thailand, Thai firms are rapidly evolving from local strategic alliances to advanced forms of collaborative IJVs. Therefore, these plans involve a large number of different partners and generate more complex methods of information exchange and value creation between partners.

According to previous research in developing countries, the issues to be considered in IJV negotiations are cultural problems, technology transfer and tax issues (Miller *et al.*, 1996). The authors emphasize about cultural problems that is a majority problem of multinational companies in developing countries even though they have narrow mind and arrogant, but they willing to comprehend the variance of the culture where the venture's business is being done.

Based on previous literature, performance measurement takes into account financial and non-financial indicators. Financial performance indicators in previous studies on IJV firms include profitability, sales growth and return on investment (ROI) (Mohr, 2002; Lecraw, 1984; Artisien & Buckley, 1985; Tomlinson, 1970). On the other hand, non-financial indicators include market share and operational performance of the IJV firms such as, customer retention, product quality and new products introduced to the market (Mohr, 2002).

Subjective performance measurements have been used widely in studies, as opposed to objective measurements. Previous research on IJV firms (Jaworski & Kohli, 1993; Narver & Slater, 1990; Pulendran *et al.*, 2000; Ruekert, 1992b; Sin, Tse, Yau, Chow & Lee, 2003; Slater & Narver, 1994) have found that managers are disinclined to provide information that is confidential. Added to this, prior studies have shown a

significant relationship between subjective measures and objective measures (Dawes, 1999; Dess & Robinson, 1984; Beamish, 1984). In this study, the researcher uses subjective measures IJVs' performance.

Geringer and Herbert (1989) refer that performance indicators can be based on financial or market objectives. Recently, researchers have turned their attention to the measurement of IJVs' performance through subjective measures in terms of parent manager's satisfaction.

Other methods used by scholars to assess performance are the duration of the alliance relationship (Kogut, 1988) where a longer duration indicates a higher level of performance. Schuler and Tarique (2005) measured the degree of accomplishment of IJVs' performance by using IJV goals. Fey and Beamish (2000) found that in order to achieve successful IJVs in Russia, the most important components are trust between foreigner and local partners, understanding between IJVs, a strong and long-term relationship and empowered workers. A study on IJVs in Thailand by Julian and O'Cass, (2004) points out that successful IJVs' performance with foreign partners depends on the impact of firm and the environmental characteristics. The authors note that the role of IJVs in Thailand is more likely to lead to strong economic growth, expansion of exports and FDI.

Table 2.5 below shows the the examples of previous studies on IJVs:

Table 2.5

*Summary on the factors affecting on IJV firms' performance*

| No. | Authors  | Factors effect on IJV firms' performance   |
|-----|--|--|
| 1   | Franko (1971)  | The high failure rate of IJV comes from the difficulty and complexity of managing IJVs   |
| 2   | Hebert (1996); Ding (1997); Fey and Beamish (2000); Kauser and Shaw (2004) | Conflict between partner firms lead to IJV failure and has poor performance (dissatisfaction)  |
| 3   | Krasner (2001)   | Trust and commitment between IJV partnership have an effect on IJVs performance  |
| 4   | Yan and Gray (2001)  | Conflict has no effect of IJVs' performance  |
| 5   | Bamford, Ernst and Gubini (2004)   | IJVs fail of performance because of wrong strategies, incompatible partners, inequitable or unrealistic deals, weak management   |
| 6   | Lyles and Salk (1996)  | IJV characteristics, knowledge transfer has a positive relationship with performance   |
| 7   | Madhok (2006)  | IJVs fail because of legal restriction on ownership, government incentives and disincentives, high exit cost   |
| 8   | Demirbag and Weir (2006)   | Organizational learning, strategy and organizational fit, control, experience and new knowledge have an impact on IJVs' performance  |
| 9   | Liang (2008)   | Different management styles, corporate culture, competitive advantages, strategic objective, disagreement and conflict between IJV partners have an effect on the success of IJV performance |

Table 2.5 (Continued)

|    |  |  |
|----|--|--|
| 10 | Suwannarat (2010)                          | The strategic motives for IJV performance in Thailand such as technology transfer, diverse knowledge of foreign partner in terms of market structure, economic development, etc.     |
| 11 | Kim, Zhan and Erramillit (2011)            | The performance of IJVs seems to be driven by the complementary resources of partner firms in combination with absorptive capacity of IJV in China                                   |
| 12 | Gutterman (2012)                           | The effective on IJV performance depend on the procedure of IJV forming, negotiation, management of an IJV   |
| 13 | Wang <i>et al.</i> , (2001)                | Knowledge transfer between local and foreing partner can influence to IJV performance  |
| 14 | Zheng and Larimo (2014)                    | FDI(IJV) experience, timing of entry and mutual commitment are the key determinants of IJV performance   |
| 15 | Larimo and Nguyen (2014)                   | IJV performance depending on parent firms' objectives, their competitive strategies, mode of entry, age of IJVs, control strategies, level of trust, and commitment between partners |
| 16 | Ahammad, Tarba, Liu, and Glaister, (2014). | Knowledge transfer has a strong relationship on IJV performance  |
| 17 | Larimo et al., (2016)                      | Firm's motive, level of trust and cultural distance between foreign and local firms all have a strong influence on IJV performance.  |

Source: Author

### 2.3.1 Performance Measurement

Ghalayini and Noble (1996); Dang, (1977); and Lecraw (1983) classify performance measurement into two stages. First, the one established between the 1880s and 1980s where financial measures like profitability, growth, cost position, ROI and productivity were the focus. Second, following the 1980s where financial and non-financial measures like technologies, plant productivity capacity, customer satisfaction, time of delivery and new products delivery time took center stage. In the past decade, several authors have contended that performance measure should consist of financial as well as non-financial measurements (Bititci, Carrie & McDevitt, 1997; MacDougall & Pike, 2003).

In general, three groups of measures are used: financial, operational and organizational effectiveness (Venkatraman & Ramanujam, 1986). The first group includes measures such as profitability and growth (Parkhe, 1993; Hagedoorn & Schakenraad, 1994; Aulakh, Kotabe, & Sahay, 1996; Combs & Ketchen, 1999; Sarkar, Aulakh, & Madhok, 2001). Longevity, survival and duration are part of the second group and are therefore examples of operational performance measures (Killing, 1983; Harrigan, 1988; Kogut, 1988). The third and most common way to measure alliance performance is to use organizational effectiveness measures. These measures determine the overall satisfaction with the alliance or the extent to which objectives have been met (Geringer & Hebert, 1991; Mohr & Spekman, 1994). Various studies have investigated the need to use objective, subjective or a composite index to measure alliance performance (Arino, 2003). Geringer and Hebert (1991) show that objective and subjective measures tend to be highly correlated.

The measurement of performance by using objective measures, include survival and non-survival of IJVs from the time of its formation (Geringer, 1991; Killing, 1983); IJV duration (Kogut, 1988, Harrigan, 1985); and IJV instability (Franko, 1971; Gomes-Casseres, 1987). However, these traditional measures are problematic due to the characteristics of IJV firms. However, financial and objective measurement methods are inadequately taken into consideration of IJV performance where poor profitability, liquidation or instability may not indicate a poor performance of IJV especially if the IJV's expectation are not met or has exceeded its objectives (Anderson, 1990; Wadecharoen, 2015).

According to Blodgett (1987); and Killing (1983), the traditional measures evaluate only a single dimension of IJV performance when profitability is an explicit goal of IJV firms. They do not adequately show the way an IJV realizes its aims. Hence, financial and objective measures are unlikely to demonstrate the IJVs' performance versus subjective measures since poor profitability, liquidation or instability may not indicate the poor performance of IJVs if the IJV partners meet their objectives (Anderson, 1990).

Recently, many researchers have shown the trend towards using subjective measures (Pak, Ra & Park, 2009; Julian & O'Cass, 2004; Luo & Park, 2004). This is because objective measures are difficult to obtain and also subjective measures have been shown to be correlated with finance (Geringer & Herbert, 1991; Dess & Robinson, 1984). Other studie relies on subjective performance measurement, such as assessment of managers who were asked to evaluate and classify the success of foreign entities (Luo, 2002)

Wall, Michie, Patterson, Wood, Sheehan, Clegg and West (2004) are of the view that subjective measures are directed at the Chief Executive Officer (CEO), director or equivalent level, for whom financial consideration of the kind captured by objective measures are likely to dominate their view of company performance. Moreover, the authors recommend that subjective measures of company performance have been and will continue to be employed because of many reasons

First, they are cost effective because such performance data can be collected through questionnaire or interview surveys simultaneously elicit information on practices. The second reason, is that for certain types of organizations and level of analysis, there may be no viable alternative. In many companies, such practices differ considerably across workplaces or sites, whereas the available financial performance data are for the enterprise as a whole. The other difference is that subjective measures have tended to ask respondents to rate their company's performance relative to their competitors.

According to Dawes (1999), there are several good reasons for using them. First, as Dess and Robinson (1984) pointed out, managers may be reluctant to disclose actual performance data if they consider it commercially sensitive or confidential. Second, subjective measures may be more appropriate than objective measures for comparing profit performance in cross-industry studies. This is because profit levels can vary considerably across industries, obscuring any relationship between the independent variables and company performance. Subjective measures might be more appropriate in this situation because managers can take the relative performance of their industry into account when providing a response (ie "rate the profit performance of your firm relative to others in your industry"). Third, performance measures such as profitability may not accurately indicate the underlying financial health of a company. Profitability



may vary due to reasons such as the level of investment in R&D or marketing activity that might have longer term effects.

Furthermore, subjective measures have tended to focus on overall performance where performance has been largely undefined (Dess & Robinson, 1984) or have consisted of a set of more specific items that have been aggregated to create a composite score (Hoque, 1999; Wright, McCormick, Sherman & McMahan, 1999; Youndt, Snell, Dean & Lepak, 1996; Delaney & Huselid, 1996), i.e., rating performance with respect to marketing, growth in sales, profitability and market share

This study attempts to measure IJVs' performance by using the subjective approach in order to capture the perceived performance of IJV partners. Furthermore, parent firms set up a variety of objectives, ranging from technology transfer or market access to competence learning (Harrigan, 1985; Hamel, 1991). IJVs' performance must be assessed by multi-dimensional measures (Schaan, 1983). Consequently, performance refers to the level to which a joint venture realizes the parent firm's expectations at the time of the venture formation (Geringer & Herbert, 1991, 1992).

## **2.4 Knowledge transfer**

According to, Stehr and Ufer (2009), knowledge is defined as: "*a capacity for action. Knowledge is a model for reality. Knowledge enables an actor, in conjunction with control over the contingent circumstances of action, to set something in motion and to structure reality. Knowledge allows an actor to generate a product or some other outcome. Knowledge is thus knowledge about processes*". Ramasamy *et al.*, (2006); and Griffith *et al.* (2001), contend that knowledge may be categorized into three namely explicit knowledge, implicit knowledge and tacit knowledge.

*“Knowledge is one of the most important elements of core competence, and firms try to transfer and absorb it in each interaction with their environment”* (Khamseh & Jolly, 2008). According to Ekore (2014) refers that knowledge is a major factor that differentiates successful organizations from the unsuccessful ones (businesses, not-for-profit, and public enterprises). Contemporary knowledge comes in the dimensions of explicit and tacit knowledge (Nonaka, 1994; Polanyi, 1966; & Spender, 1996). Explicit knowledge is the type of knowledge that can be verbally explained, codified or written down in specified documents, while tacit knowledge as an intangible knowledge is intuitive and difficult to express and practice. The latter comes from the individual’s mind and is based on life experiences, reading, learning, environment, beliefs, and other background characteristics (Nonaka & Takeuchi, 1995).

The knowledge transfer is widely used by researchers and has numerous definitions in the literature. Some call knowledge transfer, others define as transfer of knowledge, knowledge combination, knowledge creation, learning, or knowledge acquisition (Bartlett & Ghoshal, 1989; Hedlund, 1994; Inkpen, 1995; Lyle & Salk, 1996; Nonaka & Takeuchi, 1995; Park et.al., 2008; Park, Vertinsky, & Lee, 2012). Szulanski (1996) “Knowledge transfer” is a dyadic exchange of organizational knowledge. According to Grant and Badrn-Fuller (2004), knowledge is a key competitive asset for firms and the capacity to integrate knowledge, particularly tacit knowledge, will create a competitive advantage. Moreover, knowledge transfer can include “product and process technology information exchange, or transfer of managerial, technical, marketing skills through various methods of transfer” (Giroud, 2000). Drucker (1993) states that knowledge is the only meaningful resource today and knowledge is considered a very vital ingredient for competitive success and will probably continue

to be so. As the competition for knowledge intensifies, companies must give more thought to using cooperative strategies, especially IJVs, as instruments for gaining knowledge (Lyles, 1987; Inkpen, 1995).

Knowledge transfer is movement of current knowledge between parent firms and from parent firms to the IJV (Atalaya & Sarvan, 2014). Thailand's BOI encourages the establishment of IJVs between local and foreign firms. Through various incentives, the Thai authorities hope to enhance the competitiveness of local companies via knowledge transfer (Mohamad, Ramayah & Nit, 2010).

Nonaka and Takeuchi (1995) confirm that, IJVs learn tacit knowledge from their parent firm and then convert that knowledge into explicit knowledge. Thus, acquisition of tacit knowledge in an IJV is concentrated on management skills and marketing know-how (Lane *et al.*, 2001).

Most partner firms in the emerging markets are considerably interested in acquiring higher managerial, technological and organizational knowledge from their developed country partner (Lucas, 2006). However, Wang *et al.*, (2001) state the success of knowledge transfer depend on foreign partners have the capacity and willingness to transfer while the local partners have ability learn. Jasimuddin (2007), say that research on knowledge transfer constitutes a strategic area of knowledge management.

Pérez-Nordtvedt, Kedia, Datta and Rasheed (2008), examined knowledge transfer success, in terms of the knowledge transfer outcomes in the reception of unit accumulation of new knowledge. In the international business context, knowledge transfer is a required communication process which consists of "*recipient*", "*channel*" and "*message*". Giroud (2000) notes that transfer of knowledge and the transfer of tacit

know-how and skills between partners potential create the advantages stemming from a close relationship, and information exchange.

Knowledge transfer can be initiated by either the recipients (Cohen & Levinthal 1990; Lane *et al.*, 2001) or the sources of knowledge (Minbaeva 2007; Minbaeva and Michailova 2004; Mu, Tang & MacLachlan 2010). Thus, knowledge transfer depends not only on the receiver's intent to learn and absorptive capacity, but also on the sender's intent to provide access to the knowledge, the effort the sender is willing to make to disseminate the knowledge to the receiver, and the sender's capacity to articulate the knowledge and use the opportunities created for interorganizational knowledge transfer.

According to Beamish and Berdrow (2003), knowledge transfer is defined as the process to transfer knowledge (directly or indirectly) from a foreign partner firm to the local partner firm. Argote (1999), firm that are competent for productive knowledge transfer tend to have capability for success in IJVs' performance. Additionally, McKelvie and Wiklund (2010) suggest that new knowledge is the most important factor for firms to sustain and enlarge their competitive preference. Moreover firms need to obtain new knowledge, apply it productively and gather it adequately. Concerning the new knowledge that firms are finding out Nelson and Winter (1982) stated that it has to relate to the knowledge base that they already have. Firms will be incapable of forming knowledge productively for new technologies for their products and methods if they are completely lacking in knowledge transfer and absorptive capability. Furthermore, firms will also be incapable to accommodate to the field of new technology knowledge that is unconcerned with their existent knowledge base.

The learning method by transferring and obtaining knowledge from others is clarified as the significant element in the knowledge acquisition. According to Hashim (2004), learning implicates the development of competency of the firm to appoint and it is finally connected to action. Following Cohen & Levinthal (1990); Huber (1991), organizational learning scholars has emphasized on the capability of firms to obtain and employ knowledge.

In accordance with Marquardt and Reynolds (1994), organizations have complicated trouble to handle with the employees' learning. The importance of team learning was exposed by them. They stated that team learning is distinct from team training in terms of the prior concerns more than gaining group skills only.

Furthermore Harrigan (1988) emphasizes that competency or acquisition of knowledge can just be completed from organizational learning. While direct and indirect opportunities could be created through strategic alliances for firms to obtain knowledge. In other words, alliance mechanisms bring about knowledge. Competencies or knowledge can be obtained as a result of partners' learning from each other. Therefore, leaning is explained as an underlying element of strategic alliances because the transfer of knowledge is simplified.

Due to the recent research, the empirical evidence of theoretical contentions has been provided. The theoretical contentions focus on local partners' characteristics, foreign partner's characteristics and knowledge transfer mechanisms. The local partners' characteristics are defined as capacity to learn, intention to learn and experience. On the other hand, the foreign partner's characteristics are capacity and willingness to transfer knowledge. Base on performance of IJVs, knowledge transfer mechanisms and transfer of knowledge are described as significant factor. However, Xuan and Graf

(1996) pointed out that the transfer of technology, patents, management, and marketing know-how is specified as one of the main purposes for cooperation between China and foreign firms.

Additionally, Quinn (1992); Grant (1996); and Spender (1996), affirm that whenever firms have good skill or aptitude to administrate the resources concerning knowledge between the partners such as technology, production, marketing or other activities, their success consistently occurs. Based on the effect of consolidated knowledge between the foreign and local partner, the government and local business commitment are not only illumined on the way IJVs can cause advantages of knowledge to the local economy but also raise their social acceptance (Chan & Makino, 2007; Xu & Shenkar, 2002).

Table 2.6 below shows the previous studies on the relationship between knowledge transfer and IJV firms' performance:

Table 2.6  
*Summary finding of factors that affect knowledge transfer*

| <b>No.</b> | <b>Study</b>                          | <b>Finding</b>   |
|------------|---------------------------------------|--|
| 1          | Si and Bruton (1999)                  | Positive relationship between knowledge transfer and intent to learn   |
| 2          | Griffith, Zeybek, and Metthew, (2001) | Acquisition of modern business knowledge/ relationship development have positive effect to knowledge transfer  |
| 3          | Tsang <i>et al.</i> , (2004)          | Differences in geographic location, culture, history and politics have an effect on knowledge transfer in IJVs |
| 4          | Tsang <i>et al.</i> , (2004)          | Parental conflict has no effect on knowledge transfer in IJVs  |

Table 2.6 (Continued)

|   |   |   |
|---|---|---|
| 5 | Park, Giroud, Mirza and Whitelock (2008)                                      | Positive relationship between knowledge transfer and performance in Korean IJVs.        |
| 6 | Lane <i>et al.</i> , (2001); Lyle <i>et al.</i> , (1997)                      | Positive relationship between experience and knowledge transfer                         |
| 7 | Park (2010)   | Knowledge transfer's capacity on IJV has positive effect on knowledge transfer in Korea |
| 8 | Lyles and Salk (1996); Lane <i>et al.</i> , (2001); Steensma and Lyles (2000) | Positive relationship between training and knowledge transfer                           |
| 9 | Park and Ungson (1997) Parkhe (1991)  | Cultural distance can hinder knowledge exchange, managing conflict                      |

Source: Author

#### 2.4.1 Knowledge Transfer and IJV firms' Performance

As the twenty-first century unfolds, knowledge is considered the most strategically important resource and knowledge has been identified as one of the most important factors in firms' competitive advantages (Grant 1996; Kogut & Zander 1996; Nonaka 1994). Knowledge transfers to IJVs are seen as essential not only for the survival of IJVs in a competitive market but also to ensure that IJVs can actively help their parent companies achieve their strategic goals (Inkpen & Beamish 1997; Lane *et al.*, 2001) It is widely accepted that the reasons for IJV failure are often knowledge related, a fact that underlines the importance of knowledge and knowledge transfer in the success of IJVs (Hajidimitriou & Rotsios, 2009). However, IJVs can create competitive advantages by knowledge transfer to increase the adaptability and creation of value (Lane *et al.*, 2001; Madhok & Tallman, 1998; Steensma & Lyle.2000). IJVs are perceived often to be strategic weapons for gaining entry in emerging markets and for

gaining knowledge and skills in using new technologies (Kogut, 1988; Geringer & Hebert, 1989).

Moreover, the problem of IJV acquisition is not being able to access information within the marketplace. Foreign entities are also significant to MNEs as evidenced by several scenarios showing that a successful IJV is assisted by acquisition of knowledge (Lyles & Salk, 1996; Wang *et al.*, 2001).

Knowledge transfer between organizations is not an easy task and needs the cooperation of both organizations in terms of trust, absorptive capacity and similarity bases. The collaboration of organizations through IJVs increases competitive advantage by creating, storing and applying knowledge. Active knowledge sharing, understanding the foreign partners' knowledge and trust increase the absorptive capacity of IJVs (Lane *et al.*, 2001).

Hajidimitriou and Rotsios (2009) state that knowledge is regarded by many as a key competitive factor that contributes to the success of IJVs. It is widely accepted that the reasons for IJV failure are often knowledge related, a fact that underlines the importance of knowledge and knowledge transfer in the success of IJVs. Similar with Wong, Maher and Luk (2002) suggest that IJVs need to emphasize the transfer of knowledge, for example, the transfer of soft technology, management knowledge and marketing knowledge. Park *et al.*, (2012) state that tacit knowledge acquisition positively influences IJV performance. The accumulation of tacit knowledge also stimulates creativity, innovation, and continued organizational learning, further contributing to strengthening competitive advantage (Inkpen, 1998). The transfer of tacit knowledge is difficult since it requires establishing appropriate platforms that give the "learning organization" access to know-how and capabilities of their partners



by creating opportunities for observation and interaction. Gutterman (2012) says that knowledge exchange is another important benefit when both parties contribute expertise.

Lack of knowledge transfer from IJVs is recognized as a weakness. This affects the whole economy, not just the high-tech sectors. The rapid rate of change of the host country's culture and knowledge transfer, although very positive elements, may affect IJVs' performance and may create obstacles and challenges for managers to cope with. Here, the issue is not only those factors, knowledge transfer and host country is culture that affects IJVs' firm performance, but also and most importantly, strategies towards effectiveness among managers that also play a role (Wang *et al.*, 2001).

According to Das and Teng (2000), the best mechanism for knowledge transfer between firms is via IJVs. The knowledge transfer in terms of know-how and skills from one firm to another stems from the potential advantages to be availed from a close long-term relationship and information exchange (Giroud, 2000). More often than not, IJVs obtain opportunities for diffused and intangible assets access like the current technology and management know-how (Hitt *et al.*, 2000).

In a similar way, Park *et al.* (2008), explain the importance of IJVs gaining competitive advantage and improved performance. If they can gain competitive advantage through knowledge transfer, there will be decreased risk, they can enter new foreign markets very quickly and can have access to supplementary resources of the partners. Furthermore, local partners generally contribute to local market information and well-established government connections, while foreign ones provide tacit know-how like managerial expertise.

Li *et al.* (2009), point out that successful IJVs result in advanced knowledge creation that benefits both sides and improves social integration with business communities as well as relationships between IJVs. Barkema *et al.* (1997), state that IJVs offer several benefits to organizations, such as firms sharing the costs and the risks of foreign entry and local partner's knowledge of business strategies and practices.

Previous literature has shown that knowledge transfer and acquisition influence IJVs' performance (Minbaeva, 2007; Pak and Park, 2004; Hau and Evangelista, 2007). These studies also show that the major aim of local firms taking part in IJVs is to enhance their product/service quality, productivity of employees, managerial expertise and efficiency in operations.

On the other hand, Priestley (2004) puts knowledge as a sticky asset that is costly to obtain and difficult to transfer between locations. Knowledge is necessary because it is the responsibility of management and it can improve both, local firms' performance and make them avoid disappointment and being misunderstood. Newell and Galliers (2006) states that knowledge can be disrupted because learners have different backgrounds, different cultures and different perspectives. One of the reasons for IJV failure is the inefficiency of knowledge transfer between partners. Similarly, Park *et al.* (2008), point out that the relationships between managerial knowledge acquisition and performance lacks explanation. Gutterman (2012) found that local partners should be able to inform the foreign partners of local business knowledge in the beginning of the forming of the IJV. This is very helpful if the local partner lacks the managerial experience and skills to properly conduct the IJV operations. Park (2010) notes that firms frequently emphasize the significance between capital and lack of focus on

knowledge acquisition. IJV rarely succeed because transferring knowledge from IJV is a difficult process.

This study emphasizes these knowledge gaps by preparing an analysis and examining knowledge transfer on IJVs' performance in Thailand. Although the economy of Thailand is fast growing in the ASEAN, few studies have been done on its collaboration with global ventures in Thailand.

## **2.5 Antecedent Variables and Knowledge transfer**

Knowledge transfer's antecedents are the variables that support learning (Inkpen, 2001). It is essential to investigate those factors that may impact transfer of knowledge because it can lead to potential advantages between the partners. Nit (2004) explains that from the literature, transfer of knowledge can be divided into five knowledge transfer approaches.

The first group of antecedent factors concentrates on organization in IJV firms. Many studies on knowledge transfer and performance have been examined. Organizational characteristics, for example, capacity to learn, experience and culture compatibility, structural mechanism, knowledge transfer goal and foreign partner's involvement and support have been argued as important variables in knowledge transfer in IJVs (Cohen & Levinthal, 1990; Lyles & Salk, 1996; Lane & Lubatkin, 1998; Lane *et al.*, 2001; Richter & Vettel, 1995; Si & Bruton, 1999).

The second approach focuses at contextual and individual factors affecting the sharing and accepting in key partnerships (Hamel, 1991; Inkpen, 1995; Simonin, 1999). The characteristics of the provider such as protectiveness; the characteristics of the seeker, such as experience and intent to learn; the gap between seeker and provider such as

culture distance and organizational distance; and the knowledge specific aspects, such as tacitness, specificity and impact the transfer of knowledge.

The third approach is the theoretical base of individual components in the learning move handle in MNCs to their outside auxiliaries, foreign subsidiaries, wholly owned venture (WOV) and IJV. Wang *et al.* (2001), found that the foreign partner possesses the capacity to transfer and is willing to transfer; and the local partner possesses the capacity to learn from the knowledge transfer.

The fourth knowledge transfer refer from Szulanski (1996), who examined variables the characteristics of the knowledge and the context of transfer that impact the of learning, or problems in the exchange process. The factors in this group are related to source related factors, recipient related factors, relationship between the two units' related factors, and factors related to the nature of knowledge transfer.

The fifth knowledge transfer approach is by Inkpen (2001) and concerns the categorization of antecedents to the learning procedure into five classifications: (1) learning partner's characteristics, such as learning intent and capacity to learn; (2) teaching partner's characteristics; (3) knowledge characteristics, such as the nature of knowledge and knowledge accessibility; (4) relationship factors, such as trust and openness; and (5) alliance formed, such as equity in the IJV that is related to higher level of learning results.

The literature above shows the factors influencing the transfer of knowledge is from various variables. However, this study follows the guideline from Inkpen (2001) to use the antecedents of transfer of knowledge because they are the main factors that effect to successful of knowledge transfer. The determinants of transfer of knowledge can be

classified into five groups: local partner's characteristics; foreign partner's characteristics; partners' relationship; knowledge characteristics; and equity types. However, the partner relationship, knowledge characteristics, and equity forms are not examined in this research because this study attempts to discover characteristics of knowledge which are characterized by a high level of implied quality (Simonin, 1999). Moreover, Lane *et al.* (2001), assert that partners' relationship that includes trust is not related to learning; however, their model suggests that trust is indeed important for the transfer of tacit knowledge, but less so for the transfer of explicit knowledge. Nit (2004) examined trust and knowledge transfer in IJVs in Southern of Thailand and the result shows that there is no significant relationship between them. Nevertheless, this study concerns the importance of the knowledge transfer mechanism that the foreign partner utilizes to transfer knowledge and which has received little consideration from other research (Lyles & Salk, 1996; Argote, Ingram, Levine & Moreland, 2000). Further, the researcher believes that IJVs can be used as a mechanism to transfer knowledge (Kogut, 1988).

In summary, the relevant six antecedent variables that influence the transfer of knowledge can be characterized into three main categories as follows: 1) local partner's characteristics, such as capacity to learn, experience and intent to learn; 2) foreign partner's characteristics, such as capacity to transfer and willingness to transfer; and 3) knowledge transfer mechanism. These variables are presented in details in the following sections.

### 2.5.1 Local Partner's Characteristics

According to Gutterman (2012), the local partner's objectives when offered an IJV opportunity depend on the IJV's purpose and the relative size and resources of the parties. For example, job creation, acquisition of technical know-how, guaranteed customers or suppliers, access to foreign partner's market, cost reduction and management skills. Lane, Salk and Lyles (2001) explain that the local partner should have the ability to understand new knowledge held by the foreign partner.

However the success of knowledge transfer depend on many antecedent variables. Among these variables is such as local partner characteristics as suggested by Lyles et al., 2000; Simonin, 1999; Wang *et al.*, 2001. Local partner characteristic is measured through knowledge capacity to learn, intent to learn and experience (Cohen & Levinthal, 1990; Lyles & Salk, 1996; Lane & Lubatkin, 1998; Lane et al., 2001; Richter & Vettel, 1995; Si & Bruton, 1999).

One of the important contributions on capacity to transfer is strategically necessary to examine this issues on knowledge transfer (Park, 2010). According to Salk and Lyles (2007), in an empirical study in the United States of America (USA), is that there is still a critical need for scholars to attempt to build the models and definitions of knowledge transfer and capacity to learn. Minbaeva, Pedersen, Bjorkman, Fey and Park (2014), explain that capacity to learn is needed to facilitate the transfer of knowledge from one part to other parts of the IJV. Hamel (1991) argues that strategic learning intent is a critical factor affecting the outcome of learning or knowledge transfer. This reveals that Japan and Southeast Asian nations also reported firm's experience and IJV formation as a means of local knowledge acquisition; however, the relationship between these constructs remains unclear and inconclusive.

### **2.5.1.1 Capacity to Learn and Knowledge Transfer**

#### **Capacity to Learn**

Capacity to learn is referred to an absorptive capacity (Cohen & Levinthal, 1990). Cohen and Levinthal (1990) suggest knowledge transfer includes both transmission and receiving information. Knowledge's absorptive capacity has been examined in terms of the capacity to learn of the recipient. Mowery, Oxley and Silverman (2002) note that they have differentiated between these 'learning' and 'co-specialization' alliances. First and foremost, these authors alert that the effect of capacity to learn differs from these kinds of alliance. Resulted in, the literature's major focus on learning alliances unsuccessfully to clarify the full understanding of the effect in capacity to learn and alliance consequence.

According to Lane and Lubatkin (1998); Mowery *et al.*, (1996); Norman (2004), resources and knowledge bases of organizations have linked to learning capability along with included structure and processes that are related between partners firms. Similarly, the resemblance of resources and knowledge bases implied partners to more willingly understanding the firm's knowledge are used in this study.

#### **2.5.1.1.1 Definition of Capacity to Learn**

Capacity to learn is defined as the capability to absorb and replicate new knowledge achieved from an external source. Therefore, the capacity to learn of knowledge can be enhanced by sharing the same knowledge, background, high trust in relationship and intensive social interaction (Buckley *et al.*, 2009). Tang (2011) confirms that capacity to learn can be described as the stimulation and enthusiasm of an organization to sort out resources of management knowledge and ability to learn and understand

from the partner. A continuous process of mass knowledge collection within an organization and development is path dependency results in capacity to learn (Chen, 2004).

Wu and Lee (2012) posit that capacity to learn is a key component for organizations to move forward and increase their performance. According to them, firms with high levels of capacity to learn of knowledge display higher ability for knowledge creation and they digest and understand opportunities which result in effective strategic and enhanced competitive advantage. Chang and Xu (2008) identify that high uncertainty and low capacity to learn of recipients are factors which inhibit knowledge transfer. In the IJV, the low capacity to learn of partners lead to less efficient mode of IJVs. Pak and Park (2004) show that capacity to learn is a major determinant of technological capability or knowledge transfer.

Schmidt (2005) states that local firms receive and accept knowledge from external sources. Firms may gather knowledge and develop to processes of decision making, and by hiring a skilled workforce to improve the IJV firms' performance.

Van den Bosch *et al.* (2005) point out that the concept of capacity to learn serves as a great achievement in terms of innovation and competitiveness. It plays a role as a solution component in various ranges of organizational outcomes:

- Competitive advantage, financial performance, transfer of best practice, knowledge flows within the firm and knowledge transfers;
- Prospect formation, practical strategy, tactical renewal, diversification and organizational adjustment;
- Innovative performance and new product enhancement;



- Organizational learning in alliances and international joint venture performance; and
- New capital formation and commercial capital.

Transferring firms need to be aware of the resource demand upon transfer. Cohen and Levinthal (1990) describe the firm's capacity to learn as its ability to search, obtain and use external technology as evident from its characteristics. If transfer firms have low capacity to learn, then transferring firms will need to provide more resources.

Brouthers *et al.* (2008) assert that implicit knowledge transfers are more easily done by sharing capacity to learn. It has been noted that the higher the knowledge of the foreign firms; the higher the ability of the local firms to reduce decision-making uncertainty. When the local partner firms built IJVs with foreign partners, the firms have access to resources and technology to increase competitive advantage.

Deng (2010) demonstrates the relationship between the capacity to learn and knowledge acquirement as well as performance of IJVs. Certain firms are able to absorb the knowledge from outside but unable to transfer and exploit the knowledge successfully. Therefore, firms need a certain level of capacity to learn in order for the knowledge to be absorbed, transferred and exploited efficiently.

Chang, Gong, and Peng (2012) found that the capacity to learn has a positive influence on knowledge transfer as a function of the respective partner. The interaction between the partners allows mutual understanding within the IJV and leads to increased capacity to learn of unknown knowledge. In the similar way, Anand and Khanna (2000), mention that the aim of learning is to reduce ambiguity between alliances. It has been found that capacity to learn is significantly related to knowledge transfer.

Chen (2004) studied capacity to learn on knowledge transfer with domestic or international partners' performance in Taiwanese firms. The authors found that the capacity to learn plays an essential role in harnessing knowledge from other firms in order to increase performance activities. The authors also point out those firms are more likely to prefer to learn knowledge from outside because the capacity to learn of knowledge from outside strengthens their firm's capabilities.

A study of successful IJVs in China has found that the local partners have the capability to learn from foreign joint ventures. The policy of IJV has been increasingly focus to local investment and political stability (Inkpen & Beamish, 1997; Child & Yan, 2003). Moreover, Fang and Zou (2010), an IJV partner's learning capacity positively moderates the effect of joint learning capacity on another partner. These findings lend support to the expanded capacity to learn of IJV stability. The results underscore the importance of the IJV actively developing organizational rules, procedures, and structures to create and embed new knowledge in order to maintain the stability of the IJV.

#### **2.5.1.2 Intent to Learn and Knowledge Transfer**

The intention of perceived partner's learning is the scope in which the local firm believes that the partner is emphasizes on learning during the alliance. Following Richter and Vettel (1995), all firms are not evenly involved with knowledge transfer. Hamel (1991) stated that learning first means a firm has willingness to learn. According to Inkpen and Dinur (1998), lacking of this intent, a partner is less probable to apply resources to knowledge transfer and less probable to take actions to suite with the local firms' knowledge. The 147 multinationals in the USA were examined in Simonin's study (2004). The positive direct effect of learning committed to

knowledge transfer was found. Moreover, Simonin (2004) takes into account that learning intent is not just only anticipated to affect the use of appropriate human and physical resources. Moreover, it is also anticipated to interpret into the understanding of clear institutional routines and guidelines. These will help to form individual anticipations and direct learning activities.

Haua and Evangelistab (2007); and Tsang, (2002) citation style learning intent is defined as the extent of desire and will of the local partner to acquire marketing knowledge from its foreign partner and to internalize the other firm's knowledge and skills (Hamel, 1991)

Concerning Hamel (1990), a key element of the learning method is illustrated by learning intent. In the learning race, the widespread nature of this consequence will help to settle the emerging divide between the supporters and critics. Czinkota, Ronkainen and Moffett (1999) stated on the importance of the factor by particularly pointing out that the acquirer's intent to learn is the principal element of knowledge transfer. Hamel (1991) also emphasizes that the acquirer's intent to learn is a catalyst to stimulate and expedite efficient knowledge exchange. Mowery *et al.*, (2002); Zeng and Hennart (2002) stated that some alliances actually have a learning undercurrent as others rely on co-specialization. At the same time Von Krogh, Ichiro, and Nonaka (2000) asserted that an actual knowledge vision has to designate what kinds of knowledge organizational members need to look for and perform. In other words, the whole intent needs to be expressive and classified both in a language and a format that reflect in organizational members.

Competition requires that firms continually acquire and develop new knowledge and skills. A great deal of attention has recently been focused on knowledge acquisition as

an important outcome for firms engaged in strategic alliances (Lin & Germain, 1999; Norman, 2004). Kim (1998) confirms that intent to learn represents the effort by the IJV firm for solving the problems which the firm lacks of knowledge from external sources and firm need to an effort to improve skill and capabilities transfer knowledge between partners. According to Inkpen (2000), these efforts create the links through which members in the organization share their observations and understandings. Inkpen and Dinur (1998) explain that learning intent is required for subsidiaries in their acquisition of the parent firm's skill-related knowledge. Tsang (1999) studied whether an organization's learning intent is a significant antecedent of learning behavior.

Thus, intent to learn is one of the essential requirements for the transfer of knowledge (Czinkota, Rivoli & Ronkainen, 1992; Kim, 1998). Hamel (1991) documents that firms that possess a strong intent to learn win the so-called 'learning race' through the creation of an appropriate learning environment, as well as accelerating the enhancement of knowledge transfer. Therefore, applying the description of the 'intent to learn' lead to IJVs transfer of knowledge effective.

Kim (1998), says that transfer of technology in the organization is related to employees and their current their knowledge. Intent to learn is one of the two major elements for determining effective knowledge acquisition. Hamel (1991) reveals that learning intent from foreign partners influences commitment and asset allocation to the learning process and the decision for new knowledge learning. The author suggests that the amount of learning from a partner is influenced by the receiving firm's intent to learn and its receptivity as well as by the transparency of the partner from whom the knowledge is acquired.

### **2.5.1.3 Experience and Knowledge Transfer**

Transfer of knowledge can stem from the organizations and organizational members' direct experience (Fiol & Lyles, 1985; Trevino & Grosse, 2002). According to Argote and Ingram (2000), knowledge transfer is "the process through which one unit (e.g., group, department, or division) is affected by the experience of other". Based on the collaborative character of an IJV, the experience of both partners should be taken into account (Child & Yan, 2003). New knowledge may also be acquired via experience sharing and prior learning of the members of the organization (Lyles & Schwenk, 1992). This experience comprises knowledge about the target country's environment, market and customers. In accumulating such knowledge in the forefront of IJV incorporation the learning process could be expedited, uncertainties should be reduced and mistakes in various business decisions minimized (Lu & Beamish, 2006).

Previously, scholars have shown that local partner's experience could develop competencies from local resources to operate independently and successfully with cooperation between partners (Gomes-Casseres, 1989; Makino & Delios, 1996). This information is in the internationalization process model, which stipulates a typical path of gradual deepening of operating modes from contractual cooperation to IJV firms (Johanson & Vahlne, 1990). Further, international business researchers have studied the effects of such experience on IJV's strategies, but some of their results appear contradictory (Brouthers, 2002; Zhao, Luo & Suh, 2004). Therefore, a more differentiated analysis of the benefits of experience is required to explain its impact (Li & Meyer, 2009).

Argote (1999) shows that firms can transfer knowledge effectively have a greater chance to succeed than the less effective and experienced ones. In accordance with

Child and Yan, (2003) experience is defined as a process that has the capability to prevent some mistakes in management and also promotes the learning process. Additionally the competence in managing international ventures should be willingness the acquired experience. Concerning with the relationship between knowledge transfer and experience, Luo and Peng (1999) argued that both intensity and diversity in experience encourage the transferring of explicit knowledge. In relation to Organizational learning theory, Lyles and Salk (1996), pointed out that the main reason is that the firms are probably using previous experience with new situations and new knowledge from partners which can lead to successful IJVs.

Zollo, Reuer and Singh (2002) notes the process of learning is characterized as the behavioral patterns of such firms. Furthermore, they propose that the firm normally learn new knowledge throughout the process such as finding a solution or troubleshoot on argument by associating with the previous cooperative experiences. The usefulness of international experience gathered by organizational members is emphasized by Trevino and Grosse (2002). Accumulation of knowledge from past international experience is likely to have an impact on the confidence of future learning, which is one of the prime sources of intangible assets leading to firm-specific competitive advantages.

Simonin (1997); Ireland, Hitt, and Vaidyanath (2000), agree that know-how and understanding between partner can be developed from previous experience. The potential of the firm to change collaborative experience into competitive advantage hinges on the firm's capacity to absorb knowledge and lessons from its experience and its members' experience (Cohen & Bacdayan, 1994; Nelson & Winter, 1982; Nonaka, 1994). In general, firms with prior alliance experience are more likely to establish a

dedicated alliance function, which contributes to improved alliance performance (Kale, Singh, & Perlmutter, 2000).

Therefore, international businesses that have accumulated business experience from throughout the world would be more able to set-up new operations on their own (Terpstra & Yu, 1988; Yu, 1990, Knight & Kim, 2009). On the other hand, experience in a particular country may be beneficial for assessing alternative potential partners, and for building a relationship that can support a mutually advantageous and sustainable IJV (Geringer & Hebert, 1991; Luo, 1997). In contrast, developing economies are focused on their institutional management, and systems are fundamental for organizations (Peng, Wang & Jiang, 2008; Wright, Filatotchev, Hoskisson & Peng, 2005).

Lyles and Salk (1996) suggest that we need a greater understanding of what facilitates knowledge acquisition and skills development. Despite their important role in knowledge acquisition, few studies have empirically examined the learning outcomes of alliances. In one of the few studies to do so, Simonin (1997) investigated how collaborative experience and know-how affect knowledge acquisition; the author concludes that a firm should first internalized collaborative experience before the lessons learned become useful for a firm's future alliances.

Lei and Slocum (1992) argue that one of the reasons IJVs fail that is inexperience. Experience helps in acquiring skills for understanding information and reducing uncertainty concerning the local environment because of the accumulated market knowledge from the past. Therefore, knowledge transfer from local partner's experience results in the smooth knowledge transfer process in the current collaborative business (Simonin, 1999; Pak & Park, 2004). Gutterman (2012) says the

skill and experience of local partners are importance in a new business environment which the foreign investor is unfamiliar with. Meschi (2004) found that IJVs between France and China have evaluate in experience as they alliance experience or global experience to improve in management in IJV firms.

In particular, the expectation of absorptive capacity theory is that when international firms own previous relevant learning experience from foreign operations, it eases the assimilation and absorption of new related information (Cohen & Levinthal, 1990). These considerations imply that MNEs require considerable competence in knowledge acquisition resulting in the high knowledge acquisition and subsequent performance enhancement in IJVs (Park, 2010). Li (1995), finds that foreign investment experience significantly reduces the risk of failure in subsequent international expansion.

Huber (1991) maintains that in acquiring and creating knowledge, two major processes have to take place: Firstly, the expert partners transfer knowledge to partners; second, the process of internalization of knowledge connections (Von Krogh, Roos & Slocum, 1994). The development of the first process can occur through direct collaborative experience and non-experiential methods such as learning, replication, and searching (Huber, 1991). Lyles and Salk (1996), suggest that firms that have greater levels of collaborative experience are also in a better position to recognize the similarities and differences between their own situations and those of other firms.

Secondly, process of knowledge acquisition and creation involves the internationalization of knowledge and connections between individuals. Nonaka and Takeuchi (1995) refer to this process as an indirect interaction of experiences which are unconsciously accumulated through the socialization and an internalization process of knowledge by opening up to referent individuals and groups and the organization



allow the learning process to take place. Simonin (1997); and Lyles (1988) found that experience is critical in creating know-how, but nevertheless, experience only counts if the lessons are absorbed by the firm to use when required.

In keeping with Anand and Khanna (2000), concentrated on the manufacturing industries and exposed no learning consequence of collaborative experience on joint ventures. Kale, Dyer and Singh (2002) disputed that a process of raising the positive consequence of collaborative experience is by performing a committed alliance function that should have the willingness to manage the cooperation and to perform and circulate collaboration relevant knowledge. This scheme is encouraged actually in the study of Kale et al. (2002).

### **2.5.2 Foreign Partner's Characteristics**

According to Gutterman (2012), IJV brings inherent business advantages to foreign partners seeking a local business partner. The objective to invest in other countries is because they want to improve access to the foreign markets, cost reduction, access to local management and favorable government treatment.

According to Nit (2004), the characteristics associated with the teaching partner have received limited attention. Whereas the teaching partner has been considered as the resource of the type of knowledge contributed to the IJV partner. Lane et al., (1998), Wang et al. (2000), and Hyondong, 2005) have been cited the foreign partner characteristic such as capacity to transfer and willingness to transfer as an important determinants of knowledge transfer. Only few studies have empirically examined the impact of willingness to transfer on knowledge transfer (Wahab, Rose & Osman, 2011).

### 2.5.2.1 Capacity to Transfer and Knowledge Transfer

Transfer capacity refers to the distinct characteristics of specific knowledge and the ability to influence learning in a way that is absorbable. The significance of foreign partner's capacity to transfer knowledge as one of the variables is reported by Wang *et al.*, (2001). They report that the quality of knowledge of foreign partner and the ability to effectively transfer it to its partners is related to the amount of knowledge acquired. Foreign partner firms' capacity, which include the ability to impart the knowledge in a form that can be assimilated by the recipient, as an important determinant of knowledge transfer by foreign to local partners (Wang *et al.*, 2001; Lane *et al.*, 2001).

Few studies have suggested that while firms differ in their ability in knowledge creation, they also differ in their ability to transfer knowledge within and outside of the organizational boundary (Kogut & Zander, 1992, 1993; Szulanski, 1996). The efficiency in transmitting knowledge by the foreign partners is important in both intra and inter-firm knowledge transfer as it affects the firm outcomes. The firms' ability to transfer knowledge to their partner in oversea efficiently and effectively may serve several objectives such as 1) facilitating their expansion in foreign countries, 2) maintaining the firms' competitiveness, and 3) safeguarding their competencies and expertise from the competitors (Martin & Solomon, 2003).

In the context of IJV firms, the foreign firms' ability to transfer knowledge to partners for facilitates the organizational learning process and justify their commitments in the collaborative relationship; where all partners are expected to mutually contribute their knowledge, technologies, skills and competencies to the JVs to gain mutual benefits (Inkpen, 1998, Inkpen 2000; Khanna, Gulati & Nohria, 1998; Child & Faulkner, 1998).

Past studies have described transfer capacity from many dimensions for example, the source 'not perceived as reliable' (Szulanski, 1996), the firms' ability to transmit their own knowledge to different location and peoples (Martin & Solomon, 2003) the parent firms' capacity to knowledge transfer (Wang, Tong & Koh, 2004).

#### **2.5.2.2 Willingness to Transfer and Knowledge Transfer**

The transfer willingness is described as the inclination to provide the recipient with knowledge. A few studies have explored the effect of foreign partner's willingness to transfer knowledge on the performance of knowledge transfer. According to Hyondong (2005), parent knowledge is critical to subsidiaries and expatriates play critical roles in its transfer, then the expatriate's willingness or motivation to transfer knowledge becomes a very valuable element. Dealing with the competitive reasons, the foreign firms have tried to discover the procedures to keep a secret with highly preserve their specific knowledge to against an unwanted duplication. This is not completely because the transferring of foreign knowledge and technology to IJVs causing the creative activities of a competitor when the leakage of knowledge to a venture partner take place (Inkpen, 1998).

On the contrary, whenever the foreign parents confirm to open completely in sharing their knowledge through regular contact with systematized documentation, the joint venture can be a productive tool in communicating new knowledge (Inkpen & Dinur, 1998).

Wang *et al.* (2001) claim that foreign partner's willingness to transfer knowledge influences the acquisition of management knowledge by the recipient. Similarly, Millington and Bayliss (1999) found that the protectiveness of the foreign partner

make it difficult to transfer knowledge and expertise between the partners. Since there are different elements of learning capability encouraged the transferring of knowledge, the level of protectiveness of a partner brought about the restraint in such transfers. Martin and Salomon (2002) posti that the source transfer capacity and recipient transfer capacity are differentiated in terms of perception of knowledge transfer capability.

In this study, the recipient transfer capability concerned with learning capacity, source transfer capability compresses the competence of a firm to state its own knowledge, in order to evaluate the needs and competency of the recipient and to transfer the knowledge productively. Concerning the essential competency of the transferor lies its own willingness to take part in such a transfer. Mowery *et al.* (2002), both the ability and willingness of the knowledge archive have been recognized as a significant challenge for many researchers. According to strategic alliances, the protection of archive knowledge from partners is specified as a crucial topic to many firms (Pisano, 1988; Baughn, Denekamp, Stevens & Osborn, 1997; Simonin, 1999; Inkpen, 2002). As claimed by Dyer and Singh (1998), the transferring partners have to have an encouragement to justify the cost which regularly connected to the transfer.

Gupta and Govindarajan, (2000) refer to a subsidiary's motivational disposition to acquire knowledge from other units as an important determinant of knowledge flows in a multinational corporation. The two constructs of foreign partner commitment and local partner receptivity are mirror images in that the foreign partner's resource commitments with respect to knowledge transfer must be reciprocated by the local partner's receptivity to such knowledge.

Tsai and Tsai (2005) state that knowledge transfer is necessary to understand and see how knowledge is transferred between the IJV partners using particular methods of knowledge transfer. According to Jacob and Ebrahimpur (2001), the issue of knowledge transfer within an organization is still problematic for managers. Organizations should pay more attention to design the strategies. They should ensure that knowledge is transferred is suitable when they transfer knowledge. Knowledge transfer requires the willingness to work together.

### **2.5.3 Knowledge Transfer Mechanism and Knowledge Transfer**

The main contribution to obtain knowledge which has been received much attention is knowledge transfer mechanism. Another of the important contributions of the antecedent variables about examination of knowledge transfer mechanism is the study of Pak and Park (2004), which reveals that one of the critical management skills could be the effective transfer of knowledge to local partner in certain types of IJVs. However, knowledge transfer is sticky and difficult to transfer (Szulanski, 1996). Therefore, the mechanism of knowledge transfer within the IJV context from MNEs to local firms, which has been duly neglected deserves close attention.

As a matter of fact, there has been a large number of studies applied knowledge transfer mechanism to knowledge transfer (Aydin & Terpstra, 1981; Lane *et al.*, 2001; Lyles & Salk, 1996; Wang *et al.*, 2001). According to Chai, Gregory, and Shi (2003), the term, “mechanism of knowledge transfer” refers to the “methods, procedures, or processes involved in how knowledge sharing might occur”. As claimed by Lyles and Salk, (1996); Lyle *et al.*, (1997) and Lane *et al.*, (2001), there has been important positive association with learning through the training by the foreign partners. Inkpen, (1997); Teece, (1976); and Richard, (2004) firms proceed along a learning curve by

developing new methods, procedures, and programs that facilitate effective transfer, such as formal training seminars and the temporary transfer of key employees to the IJV.

To use knowledge transfer mechanisms such as visiting, briefing and training will perform an environment for managers to teach and simplify transfer of knowledge know-how to the local partner (Aydid & Terpstra, 1981).

Sparkes and Miyake (2000) knowledge transfer and the learning that occurs subsequently is a continuous process. Mechanisms used in facilitating learning such as training programs, experiential learning, learning-by-doing, etc. can also be used in facilitating knowledge transfer.

Pedersen, Petersen and Sharma (2003) showed that daily face-to-face communication enhances the transfer of tacit knowledge while explicit knowledge can be transferred via written media in Danish international organizations. Marcotte and Niosi (2000) also found that blueprint and manuals and technical assistance are the most frequent mechanism used in technology transfer when Canadian firms transferred their knowledge to subsidiaries in Mainland China.

According to Osterloh and Frey (2000), the most crucial resource of firms is the knowledge and the ability to transfer knowledge, but it is difficult to transfer knowledge to particular employees. Chesbrough and Teece (1996) illustrate that having other activities can lead to competitive advantage, for example, the transfer of tacit knowledge by doing activities through team work and introducing the market mechanism. The keys for a firm's success are transfer ability and the method used to transfer among individuals, through space and time. In this regard, explicit knowledge

is evidenced by its communication while tacit knowledge by its application. The problems of transfer between the people is that it can be slow, costly and is uncertain because of the impossibility of codifying tacit knowledge that can only be noted via its application and practical use (Grant, 1996; Kogut & Zander, 1992).

The internalized form is generally related with FDI while externalized form refers to local control via licensing, international sub-contraction and joint business ventures or local firms, which need to pay in order to acquire the right to use the brand name, customer base, and loyal customers. Internalized mechanism means the recipient is entitled to significant and continued financial support using the name of the brand, and accessing global technology and marketing connections from the overseas parent company. Aside from this, the local partner is a crucial part of its global strategy. In contrast, the externalized mechanism lacks the features in the internalized mechanism (Lall, 1993).

FDI transfer of technology from foreign firms to local firms involved higher investment in training from the highest level to low level staff (Kaosa-ard, 1991). Alvarez, Salas and Garofano (2004) state that learning is related to training, performance and then leading to results. This means that the success of knowledge transfer includes a good source of knowledge and the instructor's ability to transfer knowledge to learners effectively.

Transfer mechanism, such as, foreign delegations and global teams and rich communication media are more suitable for transferring tacit knowledge (Holtbrügge & Berg, 2004; Pedersen *et al.*, 2003). On the other hand, written media is good for explicit knowledge transfer (Pedersen, *et al.*, 2003).

Knowledge acquisition is a complex process owing to the various cultures and social systems influence on it (De Bruijn & Jia, 1993). It is important for developed countries to support developing ones by providing active managerial reinforcement (Lyles & Salk, 1996); human resource transference (Inkpen & Dinur, 1998); and training (Lane *et al.*, 2001, Ounjian & Carne, 1987). Hamel (1991); and Dinur *et al.*, (1998) conclude that the skill gap between partners is too great and effects the learning of the recipient and complicated steps in the learning process of the partner makes the knowledge transfer ineffective.

Cullen *et al.* (1995); and Argote (1999) verify foreign partners pay attention to resources, including not only physical assets and organizational knowledge, but also the training and support that are required to make the transfer of assets and knowledge a success. Because of personal contacts, face-to-face communication is possible and understanding the information can be achieved. According to Ounjian and Carne, (1987); and Baharim and Gramberg (2005), knowledge can be transferred through both formal and informal training. Training can take many forms (e.g., workshops, on-the-job training as well as classroom training). The way the learning is structured will influence the effectiveness of the transfer, depending on types of knowledge and which suit organizational and national culture (Davenport & Prusak, 1998).

Explicit knowledge can be transferred through training whereas tacit knowledge is more difficult to determine and transfer. Hence, most organizations have less formal trainings for this type of knowledge. Instead, the trainings tend to in a social grouping or the meeting of professional communities. According to Dayasindhu (2002), the process of transferring tacit knowledge involves human contact and encourages the sharing of experiences. Another reason to increase the human connection when dealing



with cross border country projects is to facilitate communication despite the different language (Javidan, Stahl, Brodbeck & Wilderom, 2005).

Jensen and Szulanski (2004) confirm knowledge is the shared approach to codified learning and strong tacit or activity-related learning reduces hierarchies, encourages multi-functional teams and supports constant learning.

Although literature review shows that local partners' capacity to learn, intent to learn and experience; foreigner partners' capacity to transfer and foreigner partners' willingness to transfer and knowledge transfer mechanism, as antecedent of knowledge transfer, are important predictors of performance (Lyles, Doanh & Barden, 2000; Simonin, 1999; Wang *et al.*, 2001).

## **2.6 Cultural Distance, Knowledge Transfer and IJV Firms' Performance**

According to Gutterman (2012), the success of a new IJV requires attention to other factors, many of which result from differences in language and custom. The first thing the investor needs to do is to learn how the concept is understood in the relevant country. For example, the USA and Europe can expect that a fairly comprehensive investigation will be an accepted part of the pre-closing preparations and negotiations. But, in many countries in Asia and Latin America, it may be viewed as a sign of distrust and may destroy the relationship before it begins. These differences reflect that Europe and the USA pay attention to the document associated with the transaction, while business people in other societies view the deal in terms of the relationship that exists between the parties.

### **2.6.1 Cultural Distance**

The measure of cultural difference is normally the measure of cultural distance (Meschi & Riccio, 2008). Cultural distance, in its most general form, suggests that the difficulties, costs, and risks associated with cross-cultural contact increase with growing cultural differences between two individuals, groups or organizations (Hofstede, 1980). Cultural distance, as measured in terms of differences in management style, business practices or work-related values, has been shown to have a profound impact on processes such as the choice of foreign entry mode and the perceived ability to manage foreign operations (Kogut & Singh, 1988); organizational learning across cultural barriers (Barkema, Bell & Pennings, 1996); the longevity of global strategic alliances (Parkhe, 1991); and cross-cultural adjustment and effectiveness of expatriate managers (Black, Mendenhall & Oddou, 1991).

According to Buchel, Prange, Probst, and Ruling (1998), national cultures are an important influence on the development of IJVs. Hofstede (2001) describes culture as the shared behavioral pattern which is distinct to a group and upon which the group's future behavior is guided. In other words, culture is known as a group of people's shared beliefs which assist them to make a decision, such as what is, what can be, how to feel, what to do and as well as how to do it (Ranchhod, 2004). According to London and Smither (2002), culture can define how to act, and shows results or what to practice and process.

Hofstede (1980), is of the view that national culture is more likely to predominate in large multinational companies. The result is surprising: even though big companies like IBM, which have a unitary worldwide image and relatively strong cultural

integration, national cultural differences have an important impact to the IBM company's performance.

Newman and Nollen (1996) describe national culture as the notion upon which employees understand their work and are guided as to the organizational tasks. They evidence that when management practices are aligned with the employees' personality, the latter will be satisfied and perform well. Park (2008) argues that IJV firms must be attention in national culture differences, if managerial practices and expected to result in a successful outcome external of the local nations. Halkos and Tzeremes (2008), opine that national culture of home country directly negative impacts on the managerial work and activities of foreigners in the country of profession and lead to has low in performance.

The previous studies show the problems from different of nationalities, problems related to cultural distance, opinions, beliefs, and attitudes are accentuated. Language can also be a problem, especially if the interface managers cannot speak the partner's language (Killing, 1982). Harrigan (1988b) finds differences in national origins to have a significantly negative relationship with expected outcomes. Parkhe (1993) also finds that alliance outcomes and performance are strongly linked to partner nationalities.

In international settings, conflicts tend to be fueled by cultural stereotypes, increasing nationalism or even xenophobia (Vaara, 2001, 2003). Foreign language barriers, different legal systems; administrative practices and other aspects of organizational life that differ between countries pose additional obstacles to integrating the different cultures and workforce in a cross-border setting.

To this end, cultural distance refers to the level of cultural differences between a foreign and a local firm in the host country and creates higher uncertainties in the organization. Nevertheless, managers tend to be perceived as not being familiar and uncomfortable in cultures of the host country because it has complex operating methods (Davidson, 1982; Caves, 1982). Cultural distance is the one causes that makes it very difficult in the management and they need a lot of information to transfer knowledge. Different cultures will bring about different attitudes and understanding of the same problem (Ayoun & Moreo, 2008; Root, 1983).

### **2.6.2 Cultural Distance and Knowledge Transfer**

The impact of cultural distance and knowledge transfer is more complicated than just being positive or negative. The level of differences between the shared norms and values in one country from those of the other is known as cultural distance (Park, 2009a; Drogendijk & Slinger, 2006; Hofstede, 2001; Kogut & Singh, 1988). Specific to learning, Mowery *et al.*, (1996) argue that barriers of culture, language, educational background and distance with cross national partners should result in lower levels of learning and knowledge transfer. These barriers have also been noted to accentuate partner tendencies to engage in opportunistic behaviors (Reich & Mankin, 1986).

Previous researches have focused on IJV in developed and/or developing countries. These were done in order to provide new knowledge with distinctly different business and cultural environments (Killing, 1983; Beamish, 1885; Groot *et al.*, 2000). Barkema (1997) states that an IJV implies that a firm has to cooperate with a partner with a different cultural background. IJV also entails unique risks, owing to the potential problems of cooperating with a partner from a different national culture (Brown, Rugman & Verbeke 1989; Harrigan, 1988).

Luo, Shenkar, and Nyaw, (2001); and Park (2010) demonstrate that cultural distance between partners often generates differences in managerial practices, conditions, mind-sets and norms. Therefore, Pak and Park (2004), posits that the cultural distance may increase operational costs associated with monitoring foreign operations and also has the potential to create conflicts, thus adversely affecting knowledge exchange through international partnership.

Park (2009a) refers that national cultural distance in the establishment of IJVs which leads to conflicts that often occur between the partner firms. Some researchers have found that differences in national cultures cause conflicts and barriers and influence behavior and management systems (Lane & Beamish, 1990; Sim & Ali, 2000).

In order to understand variations in cultural patterns, cultural frameworks and theories have been developed. Hofstede's model (1980), is the most widely accepted framework in the research of cross-cultural knowledge transfer. Several researchers view cultural distance as an obstacle in the knowledge transfer process (Bhagat, Kedia, Harveston & Triandis, 2002; Chow, Deng, & Ho, 2000; Cui, Griffith, Cavusgil & Dabic, 2006; Gupta & Govindarajan, 2000; Li & Scullion, (2006); Simonin, 1999). For example, Simonin (1999), claims that cultural distance may increase the casual ambiguity in skills and resources development and thus increase the difficulty of the transfer of knowledge.

A culture is a critical significance requires managers and leaders to understand the way the firm's culture influences processes and management as well as the way leaders are affected by it. According to Meyer (2007), knowledge process may be impacted by external factors, like national culture, the structure of the industry and the system of education, with differing contexts in different countries. Moreover, culture is emergent

and temporal as opposed to a state as its reinvention is constant; although it is difficult to influence culture, it has been known to happen (Avison & Myers, 1995). Similarly, Hofstede's framework for values of national culture is the most influential framework and has been quite effective as evidenced by its extensive use in the national culture domain (Kirkman, Lowe & Gibson, 2006).

Moreover, culture may influence knowledge transfer within IJVs owing to the partners' contextual differences. Also, people harbor corporate and ethnic backgrounds and these spill-over to the collaborative relationship (Taylor & Osland, 2003). In contrast with Park and Vertinsky (2012) studied Korean international joint ventures and shown the result that cultural distance does not significant on relationship transfer of knowledge and cultural distance.

### **2.6.3 Cultural Distance and IJV Firms' Performance**

Cultural distance is constituted as one of the most important impact factors on IJV performance. Moreover it has been the most intensively analyzed affect factor and suggest to research in the indecisive outcomes (Lu & Beamish, 2006). Nine studies have suggested the importance of cultural distance on IJV performance. Studies showed the results are not conclusive, with some authors found IJVs performance to be positively influenced by cultural distance, whereas other authors recommended cultural distance has negatively significant on IJVs performance. Other studies still showed no relationship at all between cultural distance and IJV partners (Zeria, Newburry & Yeheskel, 1997).

In Robson, Leonidou and Katsilkeas (2002) study, they found inexplicit conclusion by examining 91 articles. Particularly, findings vary on measures of IJV performance.

Differentiated in a few studies, there is a general agreement that partners' cultural distance is inversely associated with IJV consistency or stability. Moreover, there is no considerable connection between cultural distance and financial IJV performance. Throughout multi-dimensional IJV performance measures, some studies reveal that cultural similarity enhances performance, as the others come across either no association or a positive association between cultural distance and performance.

Cultural distance between partners is often cited as the main reason behind the high failure rates of IJVs (Evangelista & Hau, 2009; Hennart & Zeng, 2002). This may be due to differences in verbal and non-verbal communication style, language, and shared values/meanings that weaken the ability of the partners to cultivate close relations with one another (Evangelista & Hau, 2009). Cultural differences can also cause misunderstanding leading to mutual suspicion (Hennart & Zeng, 2002). All these factors have a negative impact on the transfer of knowledge because they weaken the relationship between the partner firms.

Dong and Glaister (2007) find that differences in national culture and corporate culture have contributed to differing views on IJVs in China, and the differences in both national and corporate culture affect IJV management. Not surprisingly, a survey of top managers in large European acquirers show 61 percent of them believed that cross-border acquisitions are riskier than domestic ones (Angwin & Savill, 1997). According to Avny and Anderson (2008), national culture had negative affect on IJVs' performance or satisfaction with performance in Israel.

Sirmon and Lane (2004) state that differences in national culture can disrupt collaboration and learning between alliance partners. Although cultural differences between IJV partners have usually been considered a major factor that might influence

venture failure or unsatisfactory performance, the majority of past studies have used macro measures of culture, such as nationality and ethnic differences (Avny & Anderson, 2008). Moreover, the cultural difference may create ambiguities in the relationship, which may lead to conflict and even dissolution of the venture (Barkema, *et al.*, 1996; Shenkar & Zeira, 1992).

Similarly, Hamill and Hunt (1998); and Gutterman (2012) note that tensions arise from the simple fact that there is more than one parent company and culture; so, it might be the cause of IJVs failure because of disagreement and conflict, such as in setting strategic objectives. According to Avny and Anderson (2008), one reason proposed for unsatisfactory performance is cultural differences, most often the differences in the partner's national culture. Avny and Anderson (2008) examined how cultures, organizations and nationalities affect the performance of IJVs in Israel, and the result shows that national culture had impact on performance or the perception of performance.

In contrast finding from previous studies, Sirmon and Lane (2007), in terms of national culture, joint venture performance has been influenced by the advantage of differences. There has been not only increasing of alliances' value in creating activities but also increasing research and development of agreements. In terms of alliances, value creating activities are explained by the authors as specifically national culture between IJV partners are able to stimulate the development of a successful relationship. Additionally, in terms of increasing research and development agreements produce the increasing awareness between managers when have concern with foreign partners can prevent conflict and misunderstandings. Beamish and Kachra (2004) posit that when partners come from different countries, the diversity of the IJV's resource pool



increases. The sustainable competitive advantages of the IJV may be caused by the combination of partners' different kinds of strengths such as process skills, managerial expertise, and market knowledge. Vaara, Sarala, Stahl, and Bjo'rkman (2010) studies argue that the diversity of beliefs, values, and practices inherent to national cultural distances may contain an enriched knowledge base useful to the partners. Some researches even suggested that there is no relationship between culture differences and IJV performance (Luo, 2002).

#### **2.6.4 Cultural Distance, Knowledge Transfer and IJV Firms' performance**

The crossing of different cultures in alliances can lead to a decrease in social effectiveness in the partner firms (Pierre-Xavier & Alain, 1994). The national culture has been found to reduce the firm's ability to learn from the partner in alliances because it leads to different attitudes, values and beliefs and these influence business cultures, styles and practices (Hofstede, 1980; 1983). Pangarkar and Lee (2001) argue that potential learning and synergy effects for partners from culturally distant countries may influence IJV performance positively. Cultural differences can affect the understanding between the partners and thus minimize the information and learning flow (Fiol & Lyles, 1985; Lane & Beamish, 1990; Lyles & Salk, 1996; Park & Glaister, 2009). Therefore, Hamel (1991) shows that to achieve success, the motivation for the creation of IJV is learning from partners and culture plays a crucial role in international cooperation settings. Failing to achieve this discourages many strategic alliances from succeeding in global markets.

According to Meschi and Riccio (2008), transfers of knowledge for the business operation lead to the affect relationship between culture and IJVs. Apart from their tangible investment assets, the partners also bring intangible assets such as their own

national beliefs, styles and practices, values and habits, or simply put culture. Thus, it will be helpful and interesting to study deeply the issues of national culture, especially, national cultural differences.

It has been reported that approximately 37-70 percent of IJVs' failures are due to cultural differences between partners (Pothukuchi *et al.*, 2002). Local culture can significantly affect the IJVs' performance. Differences in culture between IJV partners will be likely to result in different goals and different strategies of implementation which will lead to lower degrees of agreement pertaining to IJVs' performance (Geringer & Hebert, 1991)

Park and Ungson (1997) unexpectedly found that increasing cultural distance caused failure of IJVs in the USA. This result is in line with Morosini, Shane and Singh's study (1998) that differences in national culture in Italy deteriorated the performance of cross-border acquisitions.

Ke and Wei (2008); and Meschi and Riccio (2007) note that culture has an effect on organizational change. There will be different perceptions and different behavior when organizations have different cultures. This confirms that if the organization has changed, it will affect the organization's performance. Cultural differences between the partners can divert the information flow in the organization and affect its goals.

Pothukuchi *et al.*, (2002) suggest that in general, the partners' cultural differences may affect international alliances' performance as those differences become more directly related to the alliance's primary value-creating activities; they provide an example of two different IJVs in terms of national culture, i.e., Japan and the USA. The authors note that in Japan, Japanese partners prefer long-term organizational performance

because it is an indicator of satisfaction in relationships. However, USA partners prefer instant results in a relationship. The importance of cultural distance on the choice method was evidenced in USA firms (e.g., Gatignon & Anderson, 1988) and foreign firms in the USA. (Kogut & Singh, 1988).

In Hungary and Britain, the IJVs' effectiveness is based on cultural understanding and managerial sensitivity with companies to avoid cultural uncertainty, and to form trust among partners (Newburry & Zeira, 1999). Millar, Eldomiatty, Choi and Hilton (2005) argue that the majority of multinational companies in developing countries are willing to comprehend the differences of the culture where the business is being conducted.

Berrel, Gloet, and Wright (2002) note that the influence of national culture within IJVs makes the situation extremely complex due to complexity in decision-making. The cultural mix of partners creates a situation in which competing perceptions happen in terms of purpose and functions in organizational cultures. In addition, corporate policies have been developed according to the home culture and, therefore, probably rely heavily on national values in their establishment.

Simoni (1999) notes that cultural distance in IJVs creates complications and challenges due to the partners needing more time to study the communication process, more time in terms of knowledge transfer and more time to understand market opportunities. National culture is referred to as "*primary form of identity*" (Salk & Brannen, 2000). Shenkar (2001) points out that understanding the culture of the local firms remains a challenge to parent firms because cultural differences lead to conflicts among IJVs. Therefore, understanding national culture is necessary in order to avoid cultural conflicts (Salk & Brannen, 2000).

Gutterman (2012), notes cultural difference in Latin America and Asia is one of the main reasons that IJVs fails, such as lack of communication, barrier of language then lead to misunderstand on management between IJV partners. This is the result of cultural differences in communication style while group members from Germany and the USA would expect good communication to be precise, direct and detailed, individuals. Saudi Arabia, Brazil, and Japan would define good communication as indirect and full of non-verbal cues.

Cultural differences between IJV partners could be difficult to manage due to several reasons. Hofstede (1980), concludes that Western culture is more individualistic, has small power distance and is avoidant and masculine. Additionally, Thai people have larger power distance (obedience), medium uncertainty avoidance, low individualism and low masculinity (Namsirikul, 2000). However, King-Metters (2007); and Lok and Crawford (2004), suggest that when IJV firms invest in the global market and face the complexity and incompatibility of cultures cause problems in IJV. Hence, firms need to be aware of management and other duties in their businesses, but nevertheless should understand national cultural differences. The affectation of these differences can be various and blended in companies.

Cultural differences distinction between IJV partners has been emphasized as one of the top barriers faced by the IJV firms. For example, although Japanese and Thai cultures are collective in orientation, Thai culture is comparatively more collective compared to its Japanese counterpart. Also, the latter is significantly more prominent in terms of masculinity but is less when it comes to uncertainty avoidance. Japanese people consider long-term orientation more indicating commitment to work and sacrifices for the future (Hofstede & Bond, 1988). According to Lipman and Qiu

(2014), found that cultural differences can lead to IJVs failure. Both Mattel and Toys ‘R’ Us, have had problems in individually penetrating the Chinese market for toys because of the preference of Chinese parents for educational toys. These cultural aspects are all possible sources of conflicts between IJVs who come from different cultural backgrounds. Thus, the awareness of this cultural difference is important in managing for IJVs’ success.

### **2.6.5 Cultural Distance as a Moderator**

Cultural distance became an important variable that affect to IJV firms’ performance. According to Tihanyi, Griffith and Russell (2005), prior studies did not concentrate on moderating effects, with the exception of the research by Brouthers and Brouthers (2001) that identified investment risk of a target market to be a moderator of the relationship between cultural distance and entry mode choice. Their results of moderator effects across prior studies yielded some important findings that can be used in future research. Researchers exploring cultural distance in future studies also need to consider a greater range of moderator effects at the MNE level for the field to advance. Similar with Yamin (2010) asserts that cultural distance is mainly a moderating variable interacting with other features of IJV.

Previous studies found that there have inconclusive findings on cultural distance as a moderator. Cultural distance tend to have a deep effect on the performance of IJVs. For example, Qin, Ramburuth and Wang (2008) studied the moderating role of cultural distance on knowledge transfer flow and MNCs’ performance in China and their research shows that cultural distance based on Hofstede’s dimensions and knowledge transfer to and from China-based subsidiaries have very significant associations with subsidiaries’ performance on firm level. Furthermore, Lyles and Salk (1996), claim

that cultural differences tend to moderate the level of knowledge acquisition in alliances by negatively affecting their performance. Similarly (Buckley & Casson, 1976; Vachani, 1991), guarantee that transfer of management skill becomes more difficult because of cultural difference. According to Beamish and Lupton (2009), available research on the impact of cultural distance on IJV performance has produced mixed results. They suggest that the inconclusive results may reflect the cultural distance characters are moderated to a greater or lesser by actions undertaken by one or both partners.

According to Brancu, Guðmundsdóttir, Gligor and Munteanu (2015), based on the Hofstede's culture model (1980), the research calculates an indicator called cultural distance for four cultural dimensions. The results indicate that there are significant differences between Romanian and Icelandic students; however, these differences are not explained by the cultural distance calculated for the two groups.

Some studies found the negative performance because of cultural distance as a moderator such as Tihanyi et al. (2005), they have found a strong negative association between cultural distance and entry mode choice for US-based MNEs. Hunoldt (2009) study in Germany and stated that the the cultural distance moderate has a negatively relationship on IJV performance. Reus and Rottig (2009) analyze the influence of cultural distance and found a small negative but insignificant overall effect and tested separated moderating effects on IJV performance. Colakoglu and Caligiuri (2008) studied 52 multinational corporations in U.S. found that cultural distance moderates the relationship between expatriate staffing and subsidiary performance such that a higher ratio of parent country expatriates is related to lower subsidiary performance,

particularly in cases when cultural distance is high. Culture is one of the most crucial drivers of IJV performance (Lu, 2006).

In contrast with, Reus and Lamont (2009), study on 118 U.S. multinational companies and found effects of cultural distance on understanding key capabilities and effective communication appear to reap significant performance gains. On one hand, Brouthers and Bamossy (2006) claimed that culture understanding will increase IJV performance by enhancing trust between partners. Li, Lam and Qian (2001) suggested that high cultural distance would lead to creative ideas and cross-cultural distance, which results in high Sino-foreign IJV performance. Waxin and Panaccio (2005) examined on 54 French, 53 German, 60 Korean and 57 Scandinavian managers expatriated to India and the result show that cultural distance has a moderator effect on expatriates' adjustment and the different type's cross-cultural training.

## **2.7 Underpinning Theories to explain the Antecedent Variables of International Joint Venture Firms' Performance**

There are many theories concerning IJVs and their success and failure such as transaction cost economics (Hennart, 1988; Kogut, 1988; Ramanathan, Seth & Thomas, 1997); agency theory (Reuer & Miller, 1997; Contractor & Kundu, 1998; Kumar & Seth, 1998); resource-based view (RBV) (Boxall, Purcell & Wright 2007; Boone, Field, Karpoff & Raheja 2007; Buckley & Glaister, 2002; Eisenhard & Martin, 2000; Grant, 1996, Das & Teng, 2000; Daft, 1983); knowledge-based view (Conner & Prahalad, 1996; Kogut & Zander, 1992, 1993; Spender, 1996); organizational learning (Inkpen & Crossnan, 1995; Lyles & Salk, 1996; Kogut, 1988; Inkpen & Dinur, 1998); political economy (Lecraw, 1983; Yan & Gray, 1994; Lee & Beamish, 1995); strategic

management (Harrigan, 1988; Lyles & Baird, 1994; Millington & Bayliss, 1997); and behavior perspective (Parkhe, 1993; Inkpen & Birkenshaw, 1994; Eroglu & Yavas, 2003; Inkpen & Currall, 1997). The underpinning theories based on the research framework and hypotheses of this study are resource-based view, knowledge-base and organizational learning theories. Applied to the IJV firm's context, the RBV is concerned with the relationship between an IJV's resource acquisition and its performance, knowledge-based is defined as the intangible know-how and skills that include managerial and marketing capabilities, whereas organizational learning theory concerns the IJV's ability to evaluate, integrate and utilize the resource.

### **2.7.1 Resource-Based View Theory (RBV)**

The research framework is developed from the theoretical review of the RBV theory as a supporting theory of the framework. The RBV of the firm stresses the contribution that possession of key resources and competencies improve to the system performance of firms (Barney, 1991; Rumelt, 1984; Wernerfelt, 1984). Barney (1991) note that firm resources include all assets, capabilities, organizational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness.

The RBV theory tests the relationship among organizational resources, capabilities and business performance. The RBV of the firm focuses specially on the inside of the firm, its resources and capabilities, to explain the profit and value of the organization (Penrose, 1980; Wernerfelt, 1984; Barney, 1991; Grant, 1991; Peteraf, 1993; Makhija, 2003). This theory is applied to explain differences in performance within an industry (Hoopes, Madsen & Walker 2003).



RBV considers the firms as a bundle of resources and explains that ownership of certain types of resources can have a beneficial impact on its competitive advantage and performance (Dierickx & Cool, 1989; Wernerfelt, 1984). Wernerfelt (1984) explain the role of the internal resources in the success of an organization. It argues that the organization can achieve superior performance if the organization exploits its resources and capabilities by its effective distribution within the organization (Rouse & Daellenbach, 1999). The RBV theory stresses on strategic choice; the commissioning of the organization's management with significant tasks to determine, develop and deploy the main resources to achieve a high rate of returns (Fahy & Smithee, 1999).

The firm emphasizes on RBV in different firms focus in their resources and capabilities. In this regard, the theory strongly influences the frameworks of recent methods regarding management innovation. IJV firms should specifically look for IJV partners who enable the IJV to develop, structure or combine resources in a way that is the most durable and difficult to copy (Varis & Conn 2002). Firms may have specific resource endowments, but may need additional resources to be competitive in particular markets (Hitt *et al.*, 1999). Firms searching for new knowledge is one important foundation of those concerns. In the same way, Barney, Wright, and Ketcher (2001) consider that specific resources in the firm are developed to adapt to the changing environment. The competitive advantage of resources can be knowledge, learning, culture, teamwork and human capital.

According to Amit and Shoemaker (1993), this theory is focused on the available firm-owned or firm-controlled resources and the firm's capability to mobilize the resources. A firm's resource is valuable and meaningful to the firm for productivity. Das and

Teng (2000) claim that long-term performance and competitive advantages can be achieved through resource possession and maximization by the organization. Das and Teng (2000) also add that most empirical research strongly support the RBV theory. Thus, for this study, the IJV firm's RBV sets the theoretical foundation to explore the learning organization which relatively affects performance of the firms.

Daft (1983) reports that in the RBV of the firm, which emphasizes building internal capabilities, theoretical requirements go well beyond what economists typically mention, such as labor, capital and land, and includes assets like capabilities, processes, attributes, information and knowledge, to name a few, that are firm controlled, with the hopes of enhancing efficiency and effectiveness. The theory posits that firms having valuable, rare, inimitable and non-substitutable (VRIN) resources hold the advantage and they are capable of achieving optimum performance (Eisenhard & Martin, 2000).

Buckley and Glaister (2002) conducted a study dedicated to successful IJVs with the help of the RBV theory on tangible and intangible resources. This theory has obtained increasing attention from IJV researchers when it comes to factors including motives, partner choice, management, control and performance. The application of the RBV reasoning makes parent firm's resources a significant factors of success.

Holcomb *et al.* (2009) show that resources are important and necessary for competitive advantage. Resources can successfully create competitive advantages when the firms are able to better manage and coordinate towards competitive advantage. The authors also mention that the RBV theory is about performance. Barney (1991); and Amit and Schoemaker (1993) are of the view that RBV of the firm focuses on the firm level resources that provide the firm with a unique competitive advantage.

Schendel (1994) argues on organizational arrangement of the process to bring about the leverage of resources and to create value in strategies. Additionally, the manager's ability to manage through success or failure of the firm is dependent on the resources and capabilities. Further, an organization can deploy the resources, develop the resources and extend them in the future.

Holcomb *et al.* (2009) confirm the role of managers in RBV should be taken seriously. Managers should have the ability to use firm's resources and generate new resources in order to create effective competitive advantage. Managers also need to have the ability to produce a superior resource value of networking. Kunc and Morecroft (2009) mention that managers make decisions about resource-based strategies and the effects on firm performance.

Grant (1996) claims that the firm's RBV expounds and predicts the reason behind the establishment of the firms' sustainable competitive advantage and their achievement of superior returns. Based on the RBV concept, firms cannot possess all the necessary resources themselves unless they pursue value by creating strategies to produce the most value from their partner's existing capability and resources (Das & Teng, 2000). Resources are categorized into knowledge-based resources, and property-based resources (Grant, 1996; Kogut & Zander, 1996; Langlois & Foss, 1999).

Grant (1996) refers to property-based and knowledge-based resources as the tangible resources like materials with the latter category of resources being significant in the creation of sustainable competitive edge among firms.

In a similar way Arend and Levesque (2010), also mention that RBV emphasizes the central role of intangible resources in gaining a competitive advantage. Arend and

Levesque (2010) note that the most strategic resource should be focused on knowledge. Knowledge allows for an aggregation of the significant knowledge characteristics. He notes that knowledge also reduces the concept of uncertainty of a firm through resources i.e., knowledge.

According to Grant (2001), RBV theory is related to the theory of competitive advantage based on four characteristics: durability, transparency, transferability and replicability. Firm capabilities as well as resources are specifically significant antecedents of competitive advantage.

Osterloh and Frey (2000), say that sustaining competitive advantage for generating and transferring tacit knowledge is an important source according to the concentration of the RBV of the firm. There are three important characteristics to achieve competitive advantage, i.e., resources must be: valuable, rare and safe from imitation (Hoopes *et al.*, 2003). Barney (1986, 1991) contends that transferability of a firm is its capability to transfer resources. In this regard, the RBV of the firm is a crucial determinant of the firm's capacity to confer sustainable advantage. Barney (1986, 1991) adds that firms should manage their resources so as to leverage on them. To this end, the firm's ability to leverage technology on its own is not sufficient if the firm is desirous of achieving and maintaining competitive advantage.

In addition the concept of the RBV theory is about emphasizing the resources for competitive advantage. The resources can be human capital or know-how. Basically, the theory points out that the most effective measure to gain the resources is creating relationships between the firms with other firms. By doing this, a firm would be able to develop a superior level of talented employees resulting in an increased competitive advantage (Boxall *et al.*, 2007).

According to Boxall et al. (2007), RBV theory is actually based on the concept of competitive advantage. Boone *et al.*, (2007) suggest that the main key to identify market structure progression is to excavate deeper into the essential processes of resource space changes. The authors mention that the changes can be either internal or external to the market.

Kunc and Morecroft (2009) note that resource-based strategy has established the decision-making process into capabilities. The authors also mention that resource-based reinforcement influences the decision-making process on resources and managing the resources effectively. Chen, Park and Newburry (2009) point out that by adopting RBV, firms can develop specific advantages by applying structure for IJVs' survival. An IJV not only creates resource dependency, but also the main firms are managed in different ways.

According to Kraaijenbrink, Spender and Groen (2010), the implementation of the RBV theory hinges on the way resources achieve the VRIN condition (valuable, imperfectly imitable and non-substitutable). A valuable resource is one that allows the firm to use a value-creating strategy and outperform its rivals or minimize its weaknesses whereas a rare resource is one that is possessed by the firm and is a source of its competitive advantage.

Barney (1991) mentions that firms which exploit the resources and capabilities are able to gain competitive advantages. Therefore, Barney (1991), proposes the RBV Theory Model and demonstrates that firms with competitive benefits will finally increase firm performance.

The Model is shown in Figure 2.1.

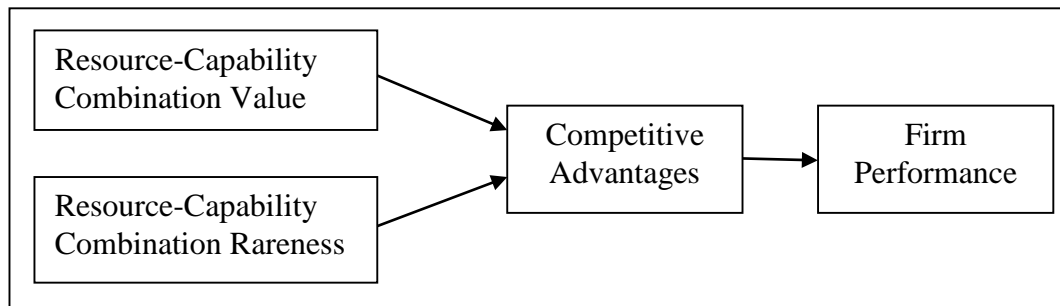


Figure 2.1  
*Resourced-Based Theory Model*  
(Source: Barney, 1991)

The theory is relevant in this study because the utilization of resources, such as learning and knowledge resources and capabilities of the firms can influence the IJV firms' performance.

### 2.7.2 Knowledge-Based View Theory (KBV)

In keeping with Grant, (1996); Roos, (1998); Malerba and Orsenigo, (2000); Hoskisson *et al.*, (1999); Sveiby, (2001); Bontis, (2002); De Carolis, (2002); Huizing and Bouman, (2002); Balogun and Jenkins, (2003), the knowledge-based (KBV) of the firm is mainly accepted as a recent enlargement of the RBV of the firm. De Carolis, (2002) identified the KBV of the firm as the most significant strategic resource. That is to say, this aspect is an enlargement of the RBV of the firm. Ariely, (2003) stated that the translation of knowledge as a resource creates the theoretical relationship between the RBV and the KBV. According to Rouse and Daellenbach (2002), the logic of the RBV of the firm proposed that the unusual characteristics of invisible resources such as knowledge should be defined as the focus of research.

Wiklund and Shepherd (2003) identified knowledge resources as a particularly significant factor to confirm the sustainable of competitive advantages. Since these

resources are difficult to imitate thus they are basis of sustainable differentiation. Kogut and Zander, (1992) described the significant KBV of the firm argument as the organization obtain to form, to transfer and transform knowledge into competitive advantage. However, transferring knowledge through the organization can be tough. It is defined as stickiness. Stickiness is the reflection of state of internal factors that facilitate the true accomplishment of competitive advantage. Following Szulanski, Jense and Lee (2003), stickiness also is obstruct from existing knowledge assets.

Balogun and Jenkins, (2003) explained the aspect of the KBV of the firm is compatible with the approach to organizations as cultures. In relation to Cook and Yanow, (1995) the organizations are conceptualized as cultures thus they consider to learn via activities that entail cultural artifacts and organizational learning allows the firm to acquire and to change and to preserve its organizational capabilities.

As claimed by Nonaka (1991), the competitive advantage is defined as knowledge. Furthermore the findings illustrated some associated idea such as the knowledge-based organization (Blackler, 2002) and the knowledge-based advantage (McEvily & Chakravarthy, 2002). Besides, these authors noticed that non-observable factors have influence on firm performance. Dess, Gupta, Hennart and Hill (1995) stated that those kind of factors; management capabilities and competences, technical knowledge or implicit organizational routines may prove to be the main factors of firm performance.

Grant (1996); and Grant and Baden-Fuller (2004) report that according to the RBV, knowledge is the most crucial resource. It is also among the top strategic facilitators of competitive advantage. This theory is traditional and is concerned with strategic management, strategic choice as well as competitive advantage; it distinguishes knowledge between knowing how, which is generally a more tacit knowledge, and

knowing about, which is a more explicit knowledge. Otherwise the primary role of the firm is to increase its capability through the integration of knowledge. Moreover, strategic management literature is recently analysing the competitive advantage in a way that it associates firm performance variation to intangible factors (Rouse & Daellenbach, 1999). Knowledge-based capabilities are considered to be the most strategically important ones to create and sustain competitive advantage (DeNisi, Hitt & Jackson, 2003). Superior talent is recognized to be the main creator of sustained competitive advantage in high performance firms (Hiltrop, 1999). The capacity to learn faster than competitors could turn out to be the only sustained competitive advantage (De Geus, 1988).

Knowledge is a concept that cannot be seen, but can only be observed in its effects. Sveiby (1997) posits that knowledge is the capacity to act and stresses that there must be a clear distinction between knowledge and behavior. Bhatt (2000) describes knowledge as a combination of ideas, rules, procedures and information in an organized fashion; while Beeby and Booth (2000) view knowledge as a resource on which firms base their competitive strategies. Previous studies, such as Lyles and Salk, (1996); Steensma and Lyles, (2000); Lane *et al.*, (2001) study in IJV performance have therefore tended to stress the value of knowledge-based resource in creating competitive advantage. Lyles and Salk (1996) found a positive association between knowledge acquisition and performance that is significant for all performance indicators. Lane *et al.*, (2001) concluded from a study of Hungarian IJVs that learning from foreign partners in terms of managerial, technological and marketing knowledge leads to better IJV firms' performance.



Conner and Prahalad (1996) say the knowledge-base-view is the essence of the resource-base-perspective. The foreign partnership is an essential source of knowledge-base and knowledge becomes a critical resource for local firm's competency or capability. Similar to Conner and Prahalad (1996), Grant (1996) explains that the knowledge-based view of the firm is focused on the human resources as opposed to physical resources. Knowledge processes are noted in process of transfer, knowledge creation, and knowledge acquisition within the organization. According to Kogut and Zander (1992, 1993) and Spender (1996), the knowledge-based view addresses the growth of firms and obtaining competitiveness via the creation and learning of know-how. Knowledge also plays the role as an analytical tool that represents the firm's evolutionary view.

The knowledge-based view theory is concerned with feelings, personal and organizational skills, and managerial and marketing know-how (Miller & Shamsie, 1996). Where tacit knowledge is challenging to codify and transfer (Nonaka, 1994; Nonaka *et al.*, 2000; Lane *et al.*, 2001; Dierickx & Cool, 1989; Lin, 2003); explicit knowledge is easy to transfer via data and principles. The latter knowledge category can be accessed through the use of verbal communication and written documents via words and figures (Kogut & Zander, 1992; Winter, 1987).

Griffith *et al.* (2001) demonstrate that knowledge transfer is an important element in the process of relationship development. The success of transfer is reflected in the extent to which the IJV acquires the knowledge from partners. Foreign partners of the IJVs normally come from countries with more sophisticated competitive environments. Foreign partners transfer their knowledge about business practices and skills to their partners and have more effective than transfer knowledge only with

domestic firms. In the event that Drucker (1985), states that knowledge is a major economic resource and might be the only source of competitive advantage. To gain knowledge, the individuals require learning processes and procedures. With intangible resource like knowledge, the community can distinguish the company from their competitors (Dollinger, 2003).

### **2.7.3 Organizational Learning Theory**

The organizational learning or knowledge is another theoretical explanation for firms cooperating and continuing to engage in IJV partnerships. When firms form an IJV, they transfer or contribute resources that they have developed and acquired in their own environments. Through joint venture activities, these resources can be transformed and enhanced to reflect the combine of resources as well as organizational learning of the IJV (Zhan & Luo, 2008). Shenkar and Li (1999) suggest that venturing firms may enhance their competitive positions through acquiring new skills and capabilities from partner firms. Berdrow and Beamish (1999), state that IJVs are a repository of orientation knowledge or even obtaining new knowledge developed by the IJV itself. Proponents of the learning perspective consider IJV behaviors in term of how managers should be cognizant of knowledge type, manage learning states and connections, and regulate knowledge transfer processes.

Kogut (1988) proposes that knowledge transfer is an organizational learning objective. He argues that an IJV was and is a way for an organization to learn new capabilities. According to Hamel (1991), the provision of evidence for learning is the major focus among international alliances. Nevertheless, he notes that collaboration provides an opportunity for inter-partner organization learning, giving partner firms access to internalize the skills and capabilities of their partners. Liu and Vince (1999) state

learning in IJVs can be a two-way process. It involves learning and change from both partners' imposing knowledge on the other.

Kogut (1988) shows that inclusion of firms in an IJV is because of a desire to combine complementary knowledge and know-how and to benefit from their partner's skills and capabilities. Lyles (1988) supports the IJV learning argument. In her study, Lyles addresses three key organization learning issues: learning that arises in the IJV parent firms; the learning process occurrence; and the knowledge absorbed by the firm. Westney (1988) argues that a firm whose activities are beginning to cross industry boundaries need to acquire knowledge or understand the precise environment from other organizations.

Organizational learning is the essence of knowledge transfer or knowledge acquisition as it creates and develops a shared knowledge among firms and include the experience of past and future actions (Fiol & Lyles, 1985; Lyles, 1988). Other researchers, like Lawson and Lorenz (1999), emphasize that learning is developed based on three major ideas. First, learning hinges on the tacit knowledge encapsulated in the organization's daily activities and procedures. Second, learning produces new knowledge within the organization depending on the combined diverse knowledge. Third, learning entails organizational synergy as firms find it a challenge to make effective use of new knowledge owing to the workforce's resistance to change.

According to Drucker (1985), knowledge within the organization is very interested in an industrial establishments. Along with the wave of modernization, organizational structure is said to be very important in contributing to the success of an organization. In addition, learning organization plays an important role as an organizational management technique. Furthermore, there is also a competition in the learning

organization. This is because smart organizations will strive for their future business with the renewal of knowledge through the learning process. Competition between organizations at the present and future are expected to be more flexible. Flexible attributes will result in a long-term commitment in developing and expanding the knowledge of the organization.

In organizational learning literature, a distinction has been made between potential absorptive capacity, which refers to the assimilation of new knowledge and realized absorptive capacity, which essentially captures the exploitation and transformation of newly acquired knowledge (Zahra & George, 2002).

Huber (1991) highlights the organizational learning constructs. Firms acquire information through various ways, both formal and informal activities, such as congenital learning, experiential learning, vicarious learning and searching. For example, an IJV of two or more organizations is brought together because of their similarities and their differences. The differences or discrepancies between partners are the factors for learning in new IJVs. Knowledge structures refer to processes that the foreign partner firms focus on knowledge transfer and development (Lyles & Schwenk, 1992).

The current study adopts the definition of organizational learning as the process of enhancing organizational activities via transfer of knowledge and understanding of the environment (Fiol & Lyles, 1985; Kogut, 1988). The development of skills through a learning process involves the interpretation of past experiences (Cohen & Sproull, 1996; Porter, 1991). The knowledge gained from learning can make organizations more able to cope with problems in the environment and enhance organizational performance (Hedberg, 1981). Hence, the current study concludes that a continually

renewed knowledge base generating from organizational learning is necessary for an IJV to be successful.

## **2.8 Gaps of study**

Thailand is developing country which is still very dependent on foreign direct investment to propel their economic growth. Researchers such as Woodsid and Pitts (1996); Geringer and Hebert (1989); Zhen and Larimo (2010); and Gutterman (2012) acknowledge that IJV is one of the most popular modes of entry into a foreign market. However, IJV firms have high of failure rate (Tidd & Izumimoto, 2002; Meschi & Wassmer, 2013; Lipman & Qiu, 2014). Despite, in spite of increasing popularity mode of entry in emerging markets, numerous studies have shown a failure rate of IJVs as high as 30 to 70 percent in some certain countries (Makino, Shige, Beamish & Bin Zhao, 2004; Yeheskel, Newburry & Zeira, 2004; Hennart, Kim & Zeng, 1998; Gutterman, 2012; Lipman & Qiu, 2014). Particularly in Thailand, most of IJVs were Japanese firms and found that 26-75 percent failed (Wadeechooen, Kanjanavanikul & Teekasap, 2013).

According to Pornlapas (2010), relatively few studies have systematically identified IJV data from the Southeast Asian Countries such as Thailand over a significant period of time. Thus, this study intends to fill this knowledge gap by providing an analysis of IJV formation in Thailand, an increasingly influential ASEAN country.

Julian & O'Cass (2004) stated that IJVs in Thailand are not always successful and the parent companies are often dissatisfied with their joint venture firms' performance. Meanwhile, performance is an important issue in strategic management (Venkatraman & Ramanujam, 1986). Nielsen (2007) suggests that performance should be discussed

in the context of the different stages of the development of an IJV. While, alliances in the form of joint ventures predominate international cooperation between firms in developing countries (Connolly, 1984; Oman, 1984; Beamish, 1988; D'Souza, & McDoughall, 1989). In spite of the increasing popularity of this mode of entry into developing markets, various studies have produced evidence regarding the unsatisfactory performances of these ventures, though the reasons for this is unclear.

According to Wadecharoen *et al.* (2013) the number of IJV continuously are increasing in emerging markets; and numerous IJVs failure are due to poor performance in Thailand. Sulaiman *et al.*, (1999) stated that IJV firms have often reported to encounter various problems that affect their performance. Swierczek and Hirsch (1994) reported that half of the IJV companies that were from between Asian and Western partners resulted in a failure. The high failure rate of IJV is alarming, thus warranting a good and complete understanding joint venture management despite the rise in academic interest in IJV's performance in recent years (Wahap, 2007; Wadecharoen, 2012). A review of literature has revealed that there are lots of concerns among IJV researchers and practitioners on managing successful IJVs. However, many previous studies attempting to examine IJV performance were not able to resolve questions relating to IJV performance. Further, previous study findings on IJV performance revealed many inconsistencies.

These have left researchers as well as manager with limited knowledge on what factors really affect the success or failure of IJV (Park, 2010; Wadecharoen et al. 2013; Nit, 2004; Julian & O'Cass, 2002). This is an issue especially for IJVs in the Asian economics and emerging South East Asian countries because there has been lack of empirical evidence on IJV performance in these regions which include Thailand.

Meanwhile, studies on IJV in Thailand have also been analytically matured (Pornlapas et al., 2010). So far, their study contributed amply to the realm of IJV study, and their findings also open the additional gap of including related variables in their well fitted model. Pornlapas *et al.*, (2010) suggested performance as one of variables that research could examine its relation and its influence on IJV success in Thailand. Therefore, this study to fill the above knowledge gap, this study was examined of association between diverse independent variables and IJV firms' performance in Thailand.

Nevertheless, there have been several research efforts that have sought to identify the determinants of performance in joint ventures. However these efforts are mostly oriented towards the IJVs in developed countries and also failed to adequately address the way in which performance was measured. However, measuring the performance of IJV firms is a complicated and fragmented process due to the multiple partners engaged in IJV. Since several measurements have been used in IJV, such financial indicators indicated by company profitability, sales growth and cost position (Lecraw, 1983; Ding, 1977; Tomlinson, 1970; Venkatraman & Ramanujam, 1986; Wadecharoen, 2015), objective measurement is measured by IJV survival and non-survival from the time of its formation (Wadecharoen, 2015) and IJV duration of IJV performance whereby IJV precise goal is focus on the company's profitability (Geringer, 1990; Killing, 1983; Franko, 1971; P3). These measurements have failed to capture the real of IJV real extent of IJV goal when profitability is not the most important objective (Venkatraman & Ramanujam, 1986; Wadecharoen, 2015).

There have been several research efforts that have sought to identify the determinants of subjective performance in joint ventures. However these efforts are mostly oriented towards the IJVs in developed countries and also failed to adequately address the way

in which performance was measured. Moreover, the existing evidence on IJVs in developing countries is debatable, either for the use of inconsistent subjective performance measures or for the perspective from which they evaluated IJVs. In this paper was discussed the determinants of IJV performance in a developing country like Thailand. While some researchers argue in favor of the use of subjective measures of performance like overall satisfaction, others argue in favor of the use of objective measures like financial performance, survival or stability. Though there is no strong rationale behind the use of either of these measures, sole reliance on any one of them may fail to capture the dynamics associated with this multidimensional phenomenon. However, financial and objective measurement methods are inadequately taken into consideration of IJV performance where poor profitability, liquidation or instability may not indicate a poor performance of IJV especially if the IJV's expectation are not met or has exceeded its objectives (Anderson, 1990; Wadecharoen, 2015). The performance measurement constructs were adapt from Ainudin et al. (2007), Wahap, 2007). Their research construct were tested in Malaysia. However, the subjective measures of performance is a little adapted to depict the real extent of Thai IJV performance in Thailand as the appropriate device used in IJV firms (Wadecharoen, 2015). Therefore, this study to fill the above knowledge gap, this study was examined determinants of subjective measures of performance to IJV firms' performance in Thailand.

In addition, past study on IJV performance has identified several factors that affect IJV performance. On the other hand, other studies show many problems in forming IJVs such as conflicts, difficulty in sharing knowledge, dissatisfaction between partners and misunderstanding (Lane et al., 2001; Lyles & Salk, 1996; Martin & Salomon, 2003;



Park, 2008). A neglected area of study is the transfer of knowledge of IJV's in Thailand (Wong, Maher & Luk, 2002; Nit et al., 2010). Thus, this study to fill the above knowledge gap, this study was examined determinants of knowledge transfer to IJV firms' performance in Thailand.

Moreover, knowledge transfer and cultural distance have been a major area of academic focus in recent years (Buckley et al., 2009). Lyles and Salk (1996) conducted a study on foreign knowledge acquisition through alliances in Eastern Europe but not many studies conducted have on foreign knowledge transfer in South-east Asia.

However, one of the important contributions on knowledge transfer, it is strategically necessary to examine these issues and avoid failure to achieve learning or sharing capacity (Park, 2010). Therefore, this research sought to extent of knowledge transfer from the foreign partner to the local partner. These foreign companies have invested in human resource training and increased the capabilities of Thai workers. Although foreign companies support local suppliers through training programs, the level of knowledge transferred is rather limited.

In addition, knowledge transfer can result in enhanced to organizational learning and lead to competitive advantages (Buckley, et al., 2009). In contrast to Grant and Baden-Fuller (2004) argue that firms can pursue knowledge transfer without the ambition to learn. However, the stickiness can impede the effective knowledge transfer process (Odigie & Li-Hua, 2008).

Stickiness is related to the tacit knowledge that restricts the ease of knowledge transfer between partners (Szulanski, 1996). The higher the extent of tacit knowledge involved, the more difficult it is to transfer the knowledge and the more cost incurred in the

execution of the transfer in turn low of IJV's performance (Odigie & Li-Hua, 2008; Steensma & Lyles, 2000; Simonin, 1999; Wang *et al.*, 2001). Further, the challenge of knowledge transfer in developing countries is funding. Although, developing countries recognize the important of knowledge transfer to their local industries but lack of research funding and bad policy have been a major problem to them (Odigie & Li-Hua, 2008).

In Thailand, knowledge transfer is a key success factor of IJV firms' performance which has a significant effect on performance of Thai industry (Chattananon & Trimetsoontorn, 2009). Knowledge transferred to the IJVs for the long term operation and increase of the performance. Thus, understanding the factors affecting the success or failure of IJV in Thailand is important for selecting the scope of this study.

Subsequent studies on Thailand Chandrapalart, (2000); Wisarn and Bunluasak (1994) have revealed that some aspects of knowledge transfer have taken place. On the other hand, lack of research that comprehensively investigates on the relationship between the antecedent variable (e.g. capacity to learn, intent to learn, experience, capacity to transfer, willingness to transfer, and knowledge transfer mechanism) to knowledge transfer.

According to Salk and Lyles (2007) in an empirical study in the United States of America (USA) there is still a critical need for scholars to attempt to build the models and definitions of knowledge transfer and capacity to learn. Minbaeva, Pedersen, Bjorkman, Fey and Park (2014) explain that capacity to learn is needed to facilitate the transfer of knowledge from one part to other parts of the IJV. Hamel (1991) argues that strategic learning intent is a critical factor affecting the outcome of learning or knowledge transfer. This reveals that Japan and Southeast Asian nations also reported

firm's experience and IJV formation as a means of local knowledge transfer (Lane et al., 2001; On et al., 2013). However, the relationship between these constructs remains unclear and inconclusive.

Moreover, foreign partner characteristic is measured through capacity to transfer and willingness to transfer (Wang *et al.*, 2000, Hyondong, 2005). Further, willingness to transfer are mostly theoretical or case study. Only few studies have empirically examined the impact of willingness to transfer on knowledge transfer (Wahab, Rose & Osman, 2011).

Another important contribution of the antecedent variables of knowledge transfer mechanism is study by Pak and Park (2004), which reveals that one of the critical management skills could be the effective transfer of knowledge to local partner in certain types of IJVs. However, knowledge is sticky and difficult to transfer (Szulanski, 1996). Therefore, the mechanism of knowledge transfer within the IJV context from MNEs to local firms, which has been duly neglected deserves close attention.

Hence, this study is motivated to examine the antecedent influence of different local partner characteristics (such as; capacity to learn, intent to learn and experience), foreign partner characteristics (capacity to transfer and willingness to transfer) and knowledge transfer mechanism as antecedent variable of knowledge transfer to be strong predictors of IJV firms' performance (Lyles et al., 2000; Simonin, 1999; Wang *et al.*, 2001).

In spite of past studies on IJV, the effect of cultural distance on performance of IJVs remains unclear. This issue has become relevant in recent year because partners from

different cultures have established more and more IJVs. When a firm enters a foreign country, one of its first challenges is to deal with the host country's unfamiliar economic, institutional and cultural environment.

Cultural distance between partners is often cited as the main reason behind the high failure rates of IJVs (Evangelista & Hau, 2009; Hennart & Zeng, 2002). This may be due to differences in verbal and non-verbal communication style, language, and shared values/meanings that weaken the ability of the partners to cultivate close relations with one another (Evangelista & Hau, 2009). Cultural differences can also cause misunderstanding leading to mutual suspicion (Hennart & Zeng, 2002).

The exploration of cross-cultural differences in IJV has yielded inconsistent and perplexing findings (Gomes, Angwin, Weber, & Tarba, 2013; Gomes, Weber, Brown, & Tarba, 2011; Weber & Tarba, 2012; Weber, Tarba, & Reichel, 2011). Several studies conducted in the last two decades show that cultural differences have a negative effect on IJV performance, but other studies have explicitly indicated that cross-cultural differences affect both negatively and positively IJV performance (e.g., Ahammad & Glaister, 2011a, 2011b; Reus & Lamont, 2009; Sarala & Vaara, 2010; Slangen, 2006; Vaara, Sarala, Stahl & Bjoörkman, 2012; Weber, Tarba, & Rozen Bachar, 2011; Weber, Tarba, Stahl, & Rozen Bachar, 2012)

According to Li, Lam and Qian (2001) study in China to test the effect of firm resources, especially cultural distance on performance of IJVs. The finding show that partners in IJVs with small cultural distance had a significantly higher IJV performance than those with a large cultural distance. Therefore, to understand the effects of home country institutional constraints on the performance of the IJVs

established by these investors, it seems more appropriate to focus on their home-country culture.

Moreover, other studies dealing with mergers and acquisitions find positive relationships between cultural distance and knowledge transfer. These studies argue that the diversity of beliefs, values, and practices inherent to national cultural distances may contain an enriched knowledge base useful to the partners (Vaara *et al.*, 2010). A diversity of perspectives as a result of cultural differences may lead to improved strategic decision-making since it may encourage considering more options and a more critical examination of hidden assumptions (Parkhe, 1991). Some researchers also highlight the complementarities in knowledge resources and capabilities that partners from different cultural backgrounds bring to the partnership (Morosini *et al.*, 1998; Vaara *et al.*, 2010).

Similarly, Chakrabarti, Gupta-Mukherjee, and Jayaraman (2009), found that IJV performance is better in the long run if the IJVs come from countries that are culturally more disparate. Holtbrugge and Mohr (2010) showed that cultural distance affect the learning style preferences of individuals. They argue that culture distance can serve as an opportunity for both local and foreign firms to complement each other in comprehending and leveraging cultural resources in order to bring about a positive outcome

In contrast, Reus and Lamont (2009) indicated that cultural distance impedes understandability of key capabilities that need to be transferred, and constrains communication between partner, thus having a negative indirect effect on the IJV performance. Similar with Lane and Beamish (1990) cultural distance can lead to poor performance and deterioration of relationship.

Previous studies suggest that cultural distance has been found to be negatively related to the stability, longevity, and performance of IJVs (Barkema & Vermeulen, 1997; Hennart & Zeng, 2002). Similar with Buckley and Carter (2004) stated that cultural distance can result in misinformation and misunderstanding on the partner firms.

Nevertheless, Pornlapas *et al* (2010) found that cultural is not a particularly important factor and affect to IJV performance in Thailand because of the foreign partners having confidence in Thailand's economic and political stability and appreciating its investment incentives. These manufacturers also referred to labor quality as an investment incentive, plus other positive factors such as the stabilizing effect of the monarchy, the generally positive attitude of the Thai government, and the flair of the private sector.

Ahammad, Tarba, Liu and Glaister (2014) noted that cultural distance are positive, but are not significant to IJV performance in UK. Similar with Part *et al.*, (2012) found that cultural distance has no significant relationship with tacit knowledge transfer in Korea. This is due to the fact that tacit knowledge transfer, which is based mainly on observation is less susceptible to linguistic and cultural barriers compared to explicit knowledge transfer that relies in part on verbal instruction or manuals. It is also possible that managers in IJVs are selected for their superior intercultural understanding and tolerance of cultural differences, thus minimizing the impact of cultural distance.

According to Meschi and Riccio (2008) cultural approach to IJV survival must be moderated because the intercultural dynamics have variable effect according to the life cycle of IJVs and their study show that cultural distance is found to be a determinate of IJV termination.

## 2.9 Conclusion

This chapter provides and presents an overview of literature relevant to the IJV firms' performance starting from concept of IJV firms, which is a strategic alliances that lead to a successful organization investment in oversea. The partners should have effectively managed and a degree of caution is considered to successful in IJVs' performance which it is the IJV firm's goal. Meanwhile, the literature review was organized around the major themes of the study with an overview that identified the research problem to be addressed. A critical synthesis of the most recent literature published on this topic was also presented. The literature review demonstrated the relevance of the study in the context of prior research to identify a knowledge gap in the literature. This study pays particular attention to a manager's willingness to create opportunities by using knowledge transfer and a host country's culture in a comparative manner that affect the performance of IJV firms.

Furthermore, the relationship of IJV firms' performance and knowledge transfer has been reviewed from previous studies according to theoretical framework which is explained by RBV, knowledge-based-view and organizational theories.

**CHAPTER THREE**  
**RESEARCH METHODOLOGY**

**3.1 Introduction**

This chapter includes research framework, hypotheses, some discussion, introduction of research methods, and also explains the chosen method for this research. This chapter shows details about the methodology, such as the research design and the measuring instrument used. The measurements of this study which consist of dependent, independent, antecedent and moderator variables, data collection, population and sample size, pre-test, and data analysis techniques. For this study, a survey is utilized to collect data on antecedent variables, knowledge transfer, IJV firm's performance, and cultural distance.

**3.2 Research Framework and Hypotheses**

**3.2.1 Research Framework**

**Conceptual Framework**

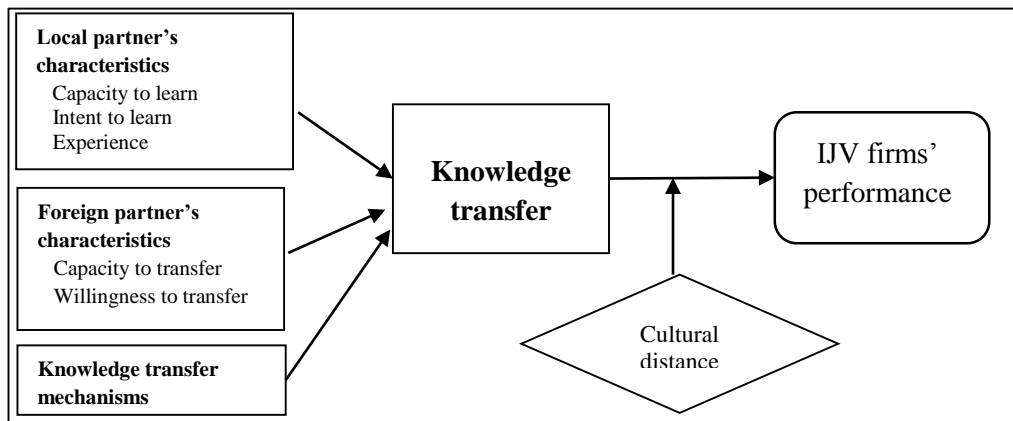


Figure 3.1  
*Conceptual Framework*



The conceptual framework of this study adapted from Simonin (1996); Simonin (1999); Wang *et al.*, (2001); Ainuddin, Beamish, Hulland and Rouse (2007); and Bener and Glaister (2010).

Presented in Figure 3.1. This conceptual framework displays the relationship between local partner's characteristics (capacity to learn, intent to learn and experience), foreign partner's characteristics (capacity to transfer and willingness to transfer), knowledge transfer mechanisms and knowledge transfer on IJV firms' performance, moderated by cultural distance.

The role of moderating variable could change the direction or strength of the relationship between a predictor and outcome variable (Baron & Kenny, 1986; Holmbeck, 1997). Moderator variables interact with predictor variables by impacting the outcome and the moderating variable often works as an independent variable or at par with a causal or predictor variable (Holmbeck, 1997; Baron & Kenny, 1986; Frazier, Barron, & Tix, 2004).

In this study, the cultural distance variable is conceptualized as moderating variable that has a potential moderating effect on the relationship between knowledge transfer and IJV firms' performance.

### 3.2.2 Research Hypotheses

Based on the relationship between the variables described in the theoretical framework, the following hypotheses are proposed:

Table 3.1

*Hypotheses*

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|               |   |
|---------------|---|
| Hypothesis:1  | Knowledge transfer has a positively significant relationship with IJV firms' performance              |
| Hypothesis:2a | Local partner's capacity to learn is a positively significantly related to knowledge transfer         |
| Hypothesis:2b | Local partner's intent to learn is a positively significantly related to knowledge transfer           |
| Hypothesis:2c | Local partner's experience is a positively significantly related to knowledge transfer                |
| Hypothesis:3a | Foreign partner's capacity to transfer is a positively significantly related to knowledge transfer    |
| Hypothesis:3b | Foreign partner's willingness to transfer is a positively significantly related to knowledge transfer |
| Hypothesis:4  | Knowledge transfer mechanism is a positively significantly related to knowledge transfer              |
| Hypothesis:5  | Cultural distances moderates the impact of knowledge transfer on IJV firms' performance               |

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### **3.2.2.1 The Relationship between Knowledge Transfer and IJV Firms' Performance**

Knowledge transfer is hypothesized to have a positively significant relationship with IJV firms' performance measured by subjective method following the measurement by Ainuddin *et al.*, (2007); and Geringer and Herbert (1991) found that there is the positive relationship between knowledge transfer and IJV firms' performance. This linkage has been positively supported in previous studies (Chang *et.al*, 2012; Wang *et al.*, 2001). The relationship between knowledge transfer and IJV firms' performance is commonly found to be positive, as evidently by Griffith *et.al*, (2001). Meanwhile, Dhanaraj, Lyles, Steensma and Tihanyi (2004), found positive relationship between explicit knowledge and IJV performance in USA. Futher, Park *et al.* (2008), pointed that if IJV firms can gain competitive advantage through knowledge transfer, they will be decreased risk and can enter new foreign markets very quickly and can have access to supplementary resources of the partners. Therefore, the greater on IJV firms' performance musht to have greater on knowledge transfer. Hence, the focus on knowledge transfer between IJV partners lead to improve on IJV firms' performance

The discussion above leads to the formulation of the following hypothesis.

***H1: Knowledge transfer has a positively significant relationship with IJV firms' performance.***

### **3.2.2.2 The relationship between Local partner's capacity to learn and knowledge transfer**

The measurement of local partner's characteristics as a composite dimension consisted of capacity to learn, intent to learn, and experience. Tang (2011) suggested that partners should have the capacity to learn and arrange on the knowledge resources between them that is the important for organizations to learn and understand among their partners. Minbaeva *et al.* (2014), examined the effects of capacity to learn as antecedent to knowledge transfer in MNC in USA, Russia, and Finland, found that the capacity to learn has a positive influence on knowledge transfer. Wu and Lee (2012) were of the view that the main key factor to increase the performance in organizations was capacity to learn between partners. This linkage has been supported by previous studies such as those of Lyles and Salk, (1996); Wang *et al.*, (2001); Simonin, (1996); and Bapuji and Crossan (2004). Given the importance of knowledge transfer from foreign partner to Thai local partner, the local partner's capacity to learn is important because it affects how well the local partner assimilates the knowledge.

The above discussion leads to the formulation of the following hypothesis:

***H2a: Local partner's capacity to learn is a positively significantly related to knowledge transfer.***

### **3.2.2.3 The relationship between Intent to learn and Knowledge transfer**

Norman (2004); and Inkpen and Dinur (1998), suggested that intent to learn is positive effect with knowledge transfer because of learning first requires that a firm have an intent to learn. Moreover, Kim (1998), recommended that intent to learn is one of the two key elements for determining effective knowledge transfer. Similar with Simonin

(2004) found positive direct effect of learning intent on knowledge transfer in the USA. Inkpen and Dinur (1998) note that partners focus less on intent to learn lead to less likely to commit resources to knowledge transfer. Park (2010) found that intent to learn has positively impact to knowledge transfer in Korea. Kale *et al.* (2000), also confirm the importance of the intent to learn by arguing that, although IJVs are seen as a mechanism to fully acquire or internalize foreign parent skills, the student firm's willingness to learn new knowledge is a critical prerequisite. A strong intent to learn will translate this intent into systematic approaches to knowledge transfer in joint venture.

Based on these, the following hypothesis is drafted:

***H2b: Local partner's intent to learn is a positively significantly related to knowledge transfer.***

#### **3.2.2.4 The relationship between Experience and Knowledge transfer**

Partner's experience has more extensive scope of choices than inexperienced firms (Chetty, Eriksson & Lindbergh, 2006). Simonin (1997) examined the factors that affect knowledge transfer and found that collaborative experience and know-how have an effect on acquisition of knowledge. According to Argote and Ingram (2000), knowledge transfer is the process through which one unit (e.g., group, department, or division) is affected by the experience of another. Trevino and Grosse (2002) state that experience has a positive influence on building confidence for future learning. Park (2010) found the experience had positive impact to knowledge transfer. Barkema *et al.*, (1996) greater experience is associated with lower knowledge transfer costs and increases a partner's total stock of knowledge. Firms with IJV experience have a better understanding of the learning opportunities (Inkpen, 1995) and are expected to benefit

more in regards to learning, since there is a greater possibility that incoming knowledge will be in a familiar form (Simonin, 1999). Thus, experience of partners is important to ensure the successful transfer of knowledge in IJV.

Accordingly, the following hypothesis is formulated:

***H2c: Local partner's experience is a positively significantly related to knowledge transfer.***

### **3.2.2.5 The relationship between Capacity to transfer and Knowledge transfer**

According to Sazali, Raduan, Jegak and Haslinda (2010), the capacity to transfer in IJV firm depend on the greater ability to transfer from the foreign partner, then the higher the degree of knowledge will be transferred to local partner firms. This is consistent with previous literature on knowledge transfer [(Szulanski & Cappetta, 2003; Minbaeva, 2007; Wang *et al.* (2001)], in which confirm the proposition that knowledge capacity to transfer of foreign partner attributes has become one of the most important determinant of knowledge transfer. Therefore, to ensure the successful knowledge transfer, the capacity to transfer knowledge by foreign partner is paramount.

Thus, according to above discussion, the following hypothesis is proposed:

***H3a: Foreign partner's capacity to transfer is a positively significantly related to knowledge transfer.***

### **3.2.2.6 The relationship between Willingness to transfer and Knowledge transfer**

The ability of an IJV firm to acquire knowledge is not only focus on internal absorptive capacity, but also the learning opportunity of the firm made available in cooperation and engagement in knowledge sharing, i.e., by reducing the level of protectiveness from partners (Simonin, 1999a; Steensma & Lyles, 2000). Thus, firms are faced with the challenging task of managing the balance between trying to learn and trying to protect (Kale *et al.*, 2000). Many theoretical studies have indicated that positive relationship between willingness to transfer and knowledge transfer is observed because of partners in the IJV are expected to mutually exchange their valuable proprietary, assets, resources, information, knowledge and technology between them to achieve mutual benefits (Wang *et al.*, 2001; Inkpen, 2000; Khanna *et al.*, 1998; Child and Faulkner, 1998). As such, the willingness to transfer successful knowledge is expected to be prevalent and actively managed and lead to knowledge transfer successfully between partners.

Accordingly, the following hypothesis is formulated:

***H3b: Foreign partner's willingness to transfer is a positively significantly related to knowledge transfer.***

### **3.2.2.7 The relationship between Knowledge transfer mechanism and Knowledge transfer**

Knowledge transfer mechanism is hypothesized to have a significant relationship with transfer of knowledge. This linkage has been found to be supported in previous studies. A study by Gupta and Govindarajan (2000) also found that to improve knowledge transfer should be introduced to facilitate the process of knowledge transfer between the host and home countries on effective knowledge transfer mechanisms. Moreover,

for IJV firms to succeed, the foreign firm is expected to assist the local partner firms by providing adequate and sufficient assistance to the IJV management in terms of transferring a significant amount of knowledge with its transfer through training programs or interactions/contacts between local and foreign partners (Hau & Evangelista, 2007). According to Ekore (2014) found that knowledge transfer mechanism via training is significantly predict knowledge transfer success in the multinational enterprises in the production unit of Cadbury Nigeria and Nestle Foods Plc. Similar with Simonin (1999b) notes that the degree to which a foreign partner has explicit contribution in terms of training of the local partners should be positively associated with the degree to which an IJV acquires explicit knowledge from its foreign partners. Thus, knowledge transfer between local and foreign partners is expected to be better with adequate transfer mechanism.

Consequently, the following hypothesis is proposed:

***H4: Knowledge transfer mechanism is a positively significantly related to transfer to knowledge transfer.***

#### **3.2.2.8 Cultural distance moderates on the relationship between Knowledge transfer and IJV firms' performance**

Cultural distance is hypothesized to have a moderating effect on the relationship between knowledge transfer and IJV firms' performance. This linkage has been found to be significant on in previous studies by Qin *et al.*, (2008); and Simonin, (1999). Hunoldt (2009) stated that the the cultural distance moderate the impact on IJV performance in Germany. Qin *et al.* (2008) found very significant on the moderating of cultural distance on knowledge transfer and MNCs' performance in China.



Furthermore, Lyles and Salk (1996) claim that cultural differences tend to moderate the level of knowledge acquisition in alliances and performance. Colakoglu and Caligiuri (2008) found that cultural distance moderates the relationship between expatriate staffing and subsidiary performance. Beamish and Lupton, (2009) have pointed out that national culture has a strong impact on IJV operations and IJV performance. Despite a large number of studies, about the relations among cultural distance and transfer of knowledge and performance suggests that cultural distances may have both positive and negative impacts and the net balance depends on the context of partnerships (Magnusson et al., 2008). Thus, study on the impact on cultural distance is still lacking in general consensus on IJV performance. Hence, this study examines the impact of cultural distance on the relationship between knowledge transfer and IJV firms' performance.

Accordingly, the following hypothesis is formulated:

***H5. Cultural distance moderates the impact of knowledge transfer on IJV firms' performance.***

### **3.3 Research Design**

The paradigm of research is based on the positivism which concerns with principles, empirical knowledge, cause effect, and generalizability, and interpretivism which relates to what the respondents think about, their ideas, and the meanings that are important to them. A quantitative research design is used in this study. Quantitative method research provides tools that measure concepts, planning, design phases and deals with issues concerning population and sampling (Cavana, Delahaye, & Sekaran, 2001; Hair, Money, Samouel & Page, 2007). Added to this, a quantitative research

method uses a deductive model when examining the variables relationship and accepts or rejects the relationship (Cavana *et.al*, 2001).

Quantitative research is a well-known research method in IJV studies (Pak, Ra, & Park, 2009; Julian, 2008; Liang, 2008; Farrell, Oczkowski, & Kharabsheh, 2008; Lin & Wang, 2008; Luo & Park, 2004; Julian & O’Cass, 2004; Beamish & Delios, 1997; Griffith *et al.*, 2001; Hebert, 1996). The quantitative method is used as it can provide a high level of measurement precision and statistical power (Matveev, 2002).

In this regard, Neuman (2002), further provides the basis for the consideration of the quantitative research approach when he notes that quantitative research has the capacity to generate empirical relationships or influences between concepts. The author notes that as a positivist’s paradigm, the quantitative approach has its root in rationalism, is structured, rigid and focused with emphasis on appropriate sampling procedure and sample size. This tallies with the position of Creswell, Plano Clark (2011) who argue that when a study requires the explanation of how one variable affects the other or the study is interested in explaining why something occurs, quantitative research is usually considered.

This study is a cross-sectional one involving information collection from the chosen population sample (Malhotra & Birks, 2000). According to Kumar (1996), the design is appropriate for studies aiming to conduct an analysis of the phenomenon, situation, problem, attitude or issue through the consideration of a cross-section of the population at a specific point in time.

### **3.4 Population and Sampling**

#### **3.4.1 Population**

Population is defined by Cavana *et al.* (2001); and Hair *et al.*, (2007) as a group of individuals, events or things that the researcher is intent on investigating. In this study, the focus is on the IJV firms, which are located in Thailand. These firms come from seven sectors (BOI, 2011):

1. Agriculture and Agricultural products
2. Mining, Ceramics and Basic metals
3. Light industry (Jewelry, sport equipment and parts, garments and textile product, etc.)
4. Metal products, Machinery and Transport equipment
5. Electronic industry and Electrical appliances
6. Chemical, Paper and Plastic
7. Services and Public utilities

The potential respondents for this study are drawn from the office of the BOI, Ministry of Industry, Thailand's BOI Directors' Index 2011 and BOI database. Based on the list of IJVs approved in Thailand, there are 1,943 IJV firms in Thailand (BOI, 2011).

### **3.4.2 Sampling Procedure**

This study was employed total population sampling is a type of purposive sampling technique, which is choosed to examine the population that have a particular set of characteristic. There are 1,943 IJV firms in Thailand were considered to be the sample size from a set of selection criteria as it follows;

1. It has the minimum shareholding equity of 20 percent. This is because partners with a small equity share (less than 10 percent) may not have the active level of participation and commitment (Ainuddin *et al.*, 2007; Demirbag & Mirza, 2000; Makino & Beamish, 1998; Pornlapas *et al.*, 2010).
2. The IJV firms have been in operation for at least two years. This is to allow evaluation of their performance and to determine the strengths and weaknesses in the past year. In addition, they have plans and strategies to make their firm successful (Pornlapas *et al.*, 2010; Woodcock, Beamish & Makino, 1994).
3. One of the partner companies must be a Thai company. This is to allow the study to have the perspective of Thai partners.

#### **3.4.2.1 Sampling size**

Researchers should ensure that the sample chosen represents the study population (Cavana *et al.*, 2001). A sample size is considered as the actual number of subjects selected to comprise the sample and are small subsets of the population (Cavana *et al.*, 2001; Hair *et al.*, 2007). Therefore, Sekaran (2003) confirms that a sample is used to collect data, rather than collecting data from the whole population.

Based on the population of 1,943 IJV firms, the researcher followed the selection criteria as above to select the sample, the giving the sample comprised of 476 IJV firms

has met the selection criteria. This study was considered in term of a particular set of characteristics of IJV firms.

### **3.5 Questionnaire Design**

In this study, questionnaire was distributed to senior management level, such as, chief executive officers (CEOs), managing directors (MD) and general managers (GM) in IJVs in order to ensure that key informants feedback is obtained. These respondents have good knowledge or are responsible for managing the IJVs. In this case, where the senior manager is not privy to the knowledge acquisition function, the researcher expects that CEO, MD or GM are available to provide feedback. In this study the researcher studied the sample of the responses of the population and made inferences about some characteristics involved, such as knowledge transfer, IJV firms' performance and identify patterns in the data and association between the variables. This provided a basis for a formulation of explanations and theories, and for achieving the research objectives (Farrell *et al.*, 2008; Liang, 2008; Julian, 2008; Julian & O'Cass, 2004; Steensma & Lyles, 2000; Creswell, 2003; Fowler, 1988; Fink & Kosecoff, 1985).

To evaluate how well the content of a scale represents the measure, content validity is conducted on the scale items (Burn & Bush, 1998). Malhotra (1996) suggests that researcher should review the scale items or someone else examine whether it covers the entire domain of the construct being measured. Churchill (1979) recommends that in the early stage of research the scale items used should be screened by experts and the pool of items for each construct edited through a pilot or pre-test. Chang (1994) concluded the 5-point likert scale to be superior, despite the weight of empirical evidence to the contrary. The 5 point likert scale give the opportunity of choice

answering to respondents. The respondents can choose the moderate value, middle point in this kind of rating scale. Rungson (2010) likert's scale 5 points which had the trend to give high reliability.

Moreover, the opinion from experts can determine the face and content validity of the measure and also be used in the questionnaire. In addition, three academics experts are Dr. Naiyana Ngowsiri Faculty of Management Sciences, Songkhla Rajabhat University, Songkhla, Assistant Professor Dr. Surapun Junsuwan Faculty of Management Sciences, Songkhla Rajabhat University, Songkhla, and Dr. Wilawan Jinwan Associate Dean for Academic Affairs, Faculty of Industrial Technology, Nakhon Si Thammarat Rajabhat University had agreed for content validation in the questionnaire design (see Appendix B). This questionnaire design on consistent between the measurement instrument and research objective, hypothesis and conceptual frame work in this study and also the wording and understandability of the questions and the covering letter, the setting out of the questionnaire, and the time estimates to complete the answers.

The questionnaire was available in both English and Thai language with a cover letter and instructions and it was mailed to 476 IJVs in Thailand selected from a list provided by the Thai BOI (BOI, 2011). The original questionnaire was drafted in English. According to Ramachandrawn (1991); and Vijvier and Leung (1997), it should be translated into the local language to avoid miscommunication and misinterpretation. This procedure is known as back-to-back translation method.

Thai is the official language in Thailand, and for this reason, the questionnaire was translated into Thai. A Thai native who is an English lecturer at the Nakhon Si Thamarat Rajabhat University was engaged to translate the questionnaire into Thai

language. The back translation into English was done by another English lecturer in Rajamangala University with similar qualification to check for errors and inconsistencies.

This study employed the scaling type of response format. Scales measures the instrument and collect the items score to be combined into a composite score. To this end, the most widely used scale in measuring opinion, beliefs and attitudes in instruments is the Likert scale, with an odd or an even number of response options accompanying each statement (DeVellis, 2003).

The questionnaire is divided into seven sections. The first section is on the general information of the IJV firms and the persons responding to the survey. Section II of the questionnaire is about local partner's characteristics. Section III covers, foreign partner's characteristics. Section IV is on the knowledge transfer mechanisms employed in the transfer of knowledge. Section V is a list of items describing knowledge acquired from the foreign partner in IJV firms. Section VI is the part of moderating effect of cultural distance and the last one is section VII, which is on the IJV firms' performance.

The questionnaire has a total of seven pages and consists of 52 items. From section II to section VII, all the items in this study are rated on a 5-point Likert -type scale. The overall layout of the questionnaire is presented in Table 3.2:

Table 3.2  
*The layout of the questionnaire*

| Sections | Questions                   | Number of Questions |
|----------|-----------------------------|---------------------|
| I        | Company's profile           | 7                   |
|          | Respondent's Profile        | 5                   |
| II       | Local Partner's Variables   | 10                  |
| III      | Foreign Partner's Variables | 8                   |
| IV       | The Transfer Mechanisms     | 6                   |
| V        | Types of Knowledge Transfer | 4                   |
| VI       | Cultural Distance           | 5                   |
| VII      | IJV Firms' Performance      | 7                   |
| Total    |                             | 52                  |

### 3.6 Variables and Measures

This study involves four types of variables: independent variables, dependent variable, antecedent variables and moderating variable. The antecedent variables include local partner's characteristics, foreign partner's characteristic and knowledge transfer mechanisms. The dependent variable is the performance of IJV firms and the transfer of knowledge is the independent variable used to determine factors for knowledge acquisition. Cultural distance acts as the moderating variable as it might have an effect on the relationship between knowledge transfer and IJV firms' performance.

#### 3.6.1 Measures of Antecedent Variables

The antecedent variables on transfer of knowledge in this study are: (1) capacity to learn (2) experience (3) intent to learn (4) capacity to transfer (5) willingness and (6) knowledge transfer mechanism.

To sum up, the questionnaire employed in this study was developed from the past research studies, and only minor changes were done to adapt it to the antecedent variables and knowledge transfer. The research variables were measured by 40 items statement interspersed throughout the measurement instrument, including local partner's capacity to learn consisted of three (3) items with the statement adapted form



Lyles and Salk (1996) and Wang *et al.* (2001), local partner's intent to learn consisted of three (3) items with the statement adapted from Wang *et al.* (2001), local partner's experience consisted of four (4) items with the statement adapted from Simonin (1996) and Lyles *et al.* (1997), foreign partner's capacity to transfer consisted of five (5) items with the statement adapted from Wang *et al.* (2001), foreign partner's willingness to transfer consisted of three (3) items with the statement adapted from Simonin (1999) and Wang *et al.* (2001), knowledge transfer mechanism consisted of six (6) items with the statement adapted from Aydin and Terpstra (1981), knowledge transfer consisted of four (4) items with the statement adapted from Wang *et al.* (2001), cultural distance consisted of five (5) items with the statement adapted from Bener and Glaister, (2010) and Simonin, (1999), and seven (7) items IJV firms' performance adapted from Ainuddin *et al.*, (2007) and Geringer and Herbert (1991).

### 3.6.1.1 Local Partner's Capacity to Learn

Capacity to learn refers to the absorptive capacity that encompasses the ability to assimilate and exploit new information. This study measures the capacity to learn, including creativity, flexibility, adapting to change and the quality of Thai partner firm that match the job requirements as specified by the foreign partner. Three items used to measure the capacity to learn are adapted from Lyles and Salk (1996); and Wang *et al.*, (2001) on a 5-point Likert-type scale (from 1=strongly disagree to 5 = strongly agree).

Table 3.3  
*Capacity to learn*

| No. | Items  |
|-----|--|
| 1   | The Thai partner is creative                                     |
| 2   | The Thai partner meets the foreign partner's requirements        |
| 3   | The Thai partner is flexible and continuously adapting to change |

Sources: Lyles and Salk (1996); and Wang *et al.*, (2001)

### 3.6.1.2 Local partner's intent to learn

Intent to learn is described as the propensity of the firm to consider collaboration as a learning opportunity. Three items adapted from Wang *et al.*, (2001) were used to measure intent to learn, i.e., the extent to which Thai partner firms are inclined towards the acquisition of new knowledge and the acceptance of new concepts and values. The three items were measured on a 5-point Likert-type scale (from 1=strongly disagree to 5 = strongly agree).

Table 3.4  
*Intent to learn*

| No. | Items  |
|-----|--|
| 1   | Thai partner is familiar with new knowledge                    |
| 2   | Thai partner is willing to accept new work concepts and values |
| 3   | Thai partner is eager to acquire new knowledge                 |

Source: Wang *et al.*, (2001)

### 3.6.1.3 Local partner's experience

Experience refers to the degree to which Thai partner firm has the relevant prior knowledge or experience in new knowledge, marketing, foreign companies, and related industry. Four items adapted from Simonin (1996); and Lyles, Salk and Lane (1997) were used to measure experience on a 5-point Likert-type scale (from 1=strongly disagree to 5=strongly agree).

Table 3.5  
*Experience*

| No. | Items  |
|-----|--|
| 1   | The Thai firm has prior work experience in new knowledge   |
| 2   | The Thai firm has prior work experience with foreign companies                                       |
| 3   | The Thai firm has prior knowledge in similar industry  |
| 4   | The Thai firm encounter communication problems with foreign managers because of language differences |

Sources: Simonin (1996) and Lyles *et al.*, (1997)

#### 3.6.1.4 Foreign partner's capacity to transfer

Transfer capacity refers to the ownership of firm-specific knowledge and the capability to relay such knowledge in a comprehensible manner (Wang *et al.*, 2001). The foreign partner's transfer capacity is measured by the level and ability of such partner to relay knowledge to the recipient. Five items adapted from Wang *et al.* (2001) were used to measure capacity to transfer from foreign partner on a 5-point Likert-type scale (from 1 = strongly disagree to 5 = strongly agree).

Table 3.6  
*Capacity to transfer*

| No. | Items  |
|-----|--|
| 1   | The foreign partner possesses excellent management skills for knowledge transfer |
| 2   | The foreign partner unreservedly transfers their know-how to Thai firms          |
| 3   | The foreign partner delegates important tasks to Thai firms                      |
| 4   | The foreign partner is skillful in transferring knowledge                        |
| 5   | The foreign partner maintains frequent communication with Thai firms             |

Source: Wang *et al.*, (2001)

#### 3.6.1.5 Foreign partner's willingness to transfer

Transfer willingness refers to the predisposition to provide the recipient with knowledge (Wang *et al.*, 2001). Three items adapted from Simonin (1999); and Wang *et al.*, (2001) were used to measure of willingness to transfer on a 5-point Likert-type (from 1 = strongly disagree to 5 = strongly agree) on the extent to which foreign partner protects the knowledge know-how and restricts the sharing of relevant knowledge information.

Table 3.7  
*Willingness to transfer*

| No. | Items  |
|-----|--|
| 1   | The foreign partner is confident that their counterparts will honor their promises |
| 2   | The foreign partner is willing to share information with each other                |
| 3   | The foreign partner is not protective of management know-how                       |

Sources: Simonin (1999); and Wang *et al.*, (2001)

### 3.6.1.6 Knowledge transfer mechanism

Knowledge transfer mechanism refers to the several ways or processes of knowledge mechanism between partners in Thai IJV firm. The foreign firm partner sets the process for knowledge transfer for local firm partners in Thailand. The items were adapted from Aydin and Terpstra, (1981). The knowledge transfer mechanism was measured through six items on a 5-point Likert-type scale that measures the extent to which the transfer mechanisms are used to transfer knowledge, such as marketing know-how and managerial knowledge, etc. by providing training, written instructions, visiting foreign firms, meetings, performance report and electronic communication (1 = never to 5 = very often).

Table 3.8  
*Knowledge transfer mechanism items*

| No. | Items   |
|-----|---|
| 1   | The process of mechanism in knowledge transfer is done through training / on the job training   |
| 2   | The process of mechanism in knowledge transfer is done through written rules, procedures and work instructions (e.g., task oriented, marketing instructions) are used |
| 3   | The process of mechanism in knowledge transfer is done through foreign visits outside Thailand home country for Thai managers   |
| 4   | The process of mechanism in knowledge transfer is done through meeting and briefings  |
| 5   | The process of mechanism in knowledge transfer is done through report on performance and feedback   |
| 6   | The process of mechanism in knowledge transfer is done through telephone, computer, fax, communications are used in IJV firms   |

Sources: Aydin and Terpstra, (1981)

### 3.6.2 Measures of Knowledge Transfer

Knowledge transferred from the parent firms can be utilized to create the competitive capabilities of the IJV (Lyles & Salk, 1996). Knowledge transfer as a process exchange of knowledge between the sender and the receiver (Szulanski, 1996). Knowledge transfers are the passing of organizational best practices or a specific set of knowledge or skills by an expatriate (Makela, 2007). Knowledge transfer was adapted from Wang *et al.* (2001). Four items were measured on a 5-point Likert-type scale (1 = never at all to 5 = very often).

Table 3.9  
*Knowledge transfer items*

| No. | Items   |
|-----|---|
| 1   | Your firm has acquired knowledge in managerial skills from partner                          |
| 2   | Your firm has acquired knowledge in marketing / sales skill from partner                    |
| 3   | Your firm has acquired knowledge in human resource management skills from partner           |
| 4   | Your firm has acquired knowledge in business strategic thinking and techniques from partner |

Source: Wang *et al.*, (2001)

### 3.6.3 Measures of Moderator Variable (Cultural Distance)

The measurement of cultural distance refers to the cultural differences between the country of IJV firms in this study adapted from Bener and Glaister (2010); and Simonin, (1999). Five items were measured on a 5-point Likert-type scale (1 = strongly disagree to 5 = strongly agree).

Table 3.10  
*Cultural distance items*

| No. | Items  |
|-----|--|
| 1   | Partner's national culture greatly differs   |
| 2   | National cultural differences between partners can be more problematic in IJV firms where both partners participate in management  |
| 3   | Some national cultural differences are not desirable because they negatively influence the IJV firms' performance  |
| 4   | If national cultural differences are extreme, they may lead to the IJV's failure   |
| 5   | National cultural differences are more critical in industries where human capital is more important (e.g. consulting or service industries as opposed to, manufacturing) |

Sources: Bener and Glaister, (2010); Simonin, (1999)

### 3.6.4 Measure of Dependent Variable (IJV Firms' Performance)

The measure of IJV firms' performance in this study used subjective measures. The performance is based on the comparison of the IJV firm's performance with the competitors' performance and firm's expected performance, which include measures by business volume growth, increase in market share, increase in profit, and achievement of planned goals. The seven items were adopted from Ainuddin *et al.* (2007); and Geringer and Herbert (1991). IJV top managers were asked to assess IJV business performance in comparison to their competitors' performance and their expected performance. These performance measures used a 5-point Likert-type scale (1 = very poor to 5 = very good).

Table 3.11  
*IJV Firms' performance*

| No. | Items  |
|-----|--|
|     | <b>In comparison to your competitors' performance</b> , please evaluate the IJV firms' performance for the past two years in term of the following criteria. |
| 1   | Business Volume  |
| 2   | Market share   |
| 3   | Profit   |
|     | <b>In comparison to your expected performance</b> , please evaluate the IJV firms' performance for the past two years in term of the following criteria.     |
| 4   | Business Volume  |
| 5   | Market share   |
| 6   | Profit   |
| 7   | Achievement of planned goals   |

Sources: Ainuddin *et al.*, (2007); and Geringer and Herbert (1991)

Table 3.12  
*Operationalization of Variables*

| Variable                         | Items/Indicator                      | Measurement      | Sources  |
|----------------------------------|--------------------------------------|------------------|--|
| Local partner's characteristic   | 1. Capacity to learn (3 items)       | Likert scale 1-5 | Lyles & Salk, 1996; Wang <i>et al.</i> , (2001)<br>Wang <i>et al.</i> , (2001)<br>Simonin (1996);<br>Lyles <i>et al.</i> ,(1997) |
|                                  | 2. Intent to learn (3 items)         | Likert scale 1-5 |  |
|                                  | 3. Experience (4 items)              | Likert scale 1-5 |  |
| Foreign partner's characteristic | 4. Capacity to transfer (5 items)    | Likert scale 1-5 | Wang <i>et al.</i> ,(2001)<br>Wang <i>et al.</i> ,(2001);<br>Simonin (1996)  |
|                                  | 5. Willingness to transfer (3 items) | Likert scale 1-5 |  |
| Knowledge transfer mechanism     | 5. Transfer mechanism (6 items)      | Likert scale 1-5 | Aydin & Terpsta (1981)   |
| Knowledge transfer               | 6. Knowledge transfer (4 items)      | Likert scale 1-5 | Wang <i>et al.</i> ,(2001)   |
| Cultural distance                | 7. Cultural distance (5 items)       | Likert scale 1-5 | Bener & Glaister (2010);<br>Simonin (1999)   |
| IJV firms' performance           | 8. IJV firms' performance (7 items)  | Likert scale 1-5 | Ainuddin <i>et al.</i> (2007); Geringer and Herbert (1991)   |

### **3.7 Control variables**

Bhattacharjee (2012) notes that “there may be other variables that are not pertinent to explaining a given dependent variable, but may have some impact on the dependent variable”.

There are many previous studies on age of firm, size of firm, and nationality as the control variables of firm performance. To account for the impact of variables that may affect the IJV firm’s performance, this study included a number of control variables such as age, firm size and nationality.

#### **3.7.1 Age of firm**

The researcher has also included a control variable to capture the impact of IJV firm duration on the variables of interest. This is because it could be argued that the greater the duration of the IJV, the greater would be the learning from the IJV partner. At the same time, longer duration would also increase the likelihood of losing one’s proprietary assets to the partner firm (Park & Ungson, 1997). Cohen and Levinthal, (1990); Barkema et al., (1996) the age of the IJV was included since a firm’s age may influence the relative capacity to transfer knowledge. The age of the IJV was included as a control variable, as more experience is associated with lower knowledge-transfer costs and a larger total stock of knowledge (Barkema et al., 1996; Cohen & Levinthal 1990).

Previous studies have argued that younger organizations seem to have learning advantages over older ones (Frost, Birkinshaw & Ensign, 2002). Other empirical studies suggest, however, that age has no effect on the extent of knowledge transfer (Gray & Meister, 2004; Yli-Renko, Autio & Sapienza 2001). In other words, prior



research has been inconclusive about the effect of age on organizational knowledge transfer

### **3.7.2 Size of firm (Number of employees)**

Previous studies have recognized the influence of firm size on IJV firms' performance (Zeira & Shenkar, 1990). Consistent with previous studies (Gomes & Ramaswamy, 1999; Hasan & Butt, 2009). Firm size is employed as a control variable. Firm size is measured by number of employees in the joint venture each year-end. It is used to control for potential effect of scale economies. Kale et al. (2002), also controlled for firm size because larger firms may have more resources to enhance the probability of alliance success. Large firms are also more likely to have more alliance experience because of more opportunities to engage in alliances. Lane *et al.*, (2001) control of the size of a firm may contribute to its inertia and inhibit knowledge transfer, the total number of employees was included as a measure of IJV size. Most studies assessing the effect of size on knowledge transfer tend to find positive effects (Dhanaraj et al., 2004; Gupta & Govindarajan, 2000; Laursen & Salter, 2006). IJV size is likely to affect knowledge transfer because it may contribute to its inertia and thus inhibit knowledge transfer (Lane *et al.*, 2001). Larger IJV partners may also seek to acquire less knowledge from foreign partners because they are able to generate more knowledge themselves (Minbaeva, Park & Vertinsky, 2013).

However, other studies have found non-significant (Tsang, 2002) or negative (Makino & Delios, 1996) effects of firm size on the extent of knowledge transferred. As such, existing evidence of the overall effect of firm size on knowledge transfer appears to be mixed

### **3.7.3 Nationality**

Nielsen and Nielsen (2011) states that nationality is the country of origin of the top executives (CEO) as stated in the annual report. CEO international experience was measured as a dummy variable equal to one if the CEO had international work (assignment) experience from outside Switzerland and otherwise. We further included relevant top management team demographic diversity measures which have been shown to influence strategic decision-making. Previous studies have recognized the influence of nationality on IJV firms' performance. According to Choi and Beamish (2004), the differences between parent firms make effective management of an IJV quite in demanding task in terms of time and effort.

Chiao, Yu and Peng (2009) note that nationality-determined differences influence the fit between JV partners, and ultimately influence IJVs' market performance (Merchant, 2005; Sim & Ali, 1998). Many studies have found that U.S. and Japanese companies have distinctly different management styles (Baliga & Jaeger, 1984; Chung & Lee, 1989; Jaeger, 1983; Ouchi & Jaeger, 1978). Ouchi (1981) analysis of these differences is one of the most frequently cited. He contrasted the management styles of the two countries as follows: American companies conduct rapid evaluation of subsidiary success, and use explicit control mechanisms while displaying a short-term employment concern. Conversely, Japanese companies' evaluations of their subsidiaries occur more slowly, and are accompanied by implicit control mechanisms and a concern for lifetime employment.

A comparative study by Chung and Lee (1989) also found that American firms were characterized by more output-oriented control than Korea and Japan. The scholars explained the differences with environmental factors. Unlike Japan or Korea, where

business is more dependent on government, the free-market economy which characterizes assigns a more passive role to government, encouraging companies to attempt to maximize shareholder wealth on a short-term basis. Accordingly, short-term output control tends to be more widely utilized in American companies than in Asian ones.

Harzing and Sorge (2003) found that in some multinational firms, headquarters' managers strive for a close personal surveillance on the behaviour of their subsidiaries and parent country nationals are assigned to subsidiaries to ensure that headquarters' policies are carried out or some multinational firms have a very detailed planning, goal setting and budgeting system that includes clear-cut (often quantitative) objectives to be achieved at both strategic and operational level. Other firms have less developed systems.

### **3.8 Data Collection**

According to Sekaran (2003), the survey is useful and effective in finding answers to research questions through data collection and analyses. Moreover, attention must be paid to the correct population to be the respondents in the research. The questionnaire was distributed via email, sent by post, and personal delivery between 04/06/2013 and 01/11/2013. Four hundred and seventy-six (476) questionnaires were distributed to IJV Managing Directors (MD) or Chief Executive Officers (CEO). The samples of IJV firms were located all over Thailand. The mail survey method was chosen a major to collect data in view of its flexibility in term of geographical reach and low cost.

In an attempt to decrease the rate of non-response, prior established criteria (Aaker, Kumar & Day, 2000; Mangion, 1995) were used. Some activities were under taken in order to encourage the respondents to participate in this research and therefore increase

the percentage of the response rate as follows:

1. A cover letter was attached to the survey wherein the researcher introduced the research objectives and its importance. Added to this, the supervisor's letter was also attached with the above two to confirm the researcher's bona fide status in the academic institution, requesting for the respondents' cooperation.
2. The cover letter was addressed to the executives whose understanding and authority encompass the workings of the organization. Such executives are privy to the impact of specific IJV firms on the activities of the organization.
3. A summary of the research outcomes was promised to the participants if they cooperated as agreed.
4. An envelope with a postage-paid reply was provided.
5. A reminder letter was sent to the respondents who failed to reply after four weeks of receiving the survey.
6. Personal contact via telephone and visit were also initiated to encourage their participation.
7. Other strategies that were used include e-mail in order to make it more convenient for them and to increase the response rate.
8. Delivering questionnaires by hand when visiting some respondents' firms, and helping them to answer the question in order to increase the response rate.

There were a total of 160 usable questionnaires that were obtained through considerable effort and patience. This was because of the issues that arose during collection of data including, the respondents' busy schedules, oversight of emails and reminder letters and difficulty to reach respondents by phone.

### **3.9 Preliminary test**

After the questionnaire is designed and before collecting the actual data, the questionnaire should be pre-tested to see whether the instrument can be validated (Cavana *et al.*, 2001). There are several types of pre-test that were carried out in this study, such as face-to-face interview or face validity and content validity.

#### **3.9.1 Pre-Test Study**

The pre-test is a process where the value of questions and instruments are tested prior to the actual study; it is an established practice to determine errors in questions, question sequence, instruments, directions, among others (Cooper & Schindler, 2008). It is crucial to conduct the pretest of the instrument to guarantee that the questions are understood by the respondents and no issue arises in terms of wording and measurement (Sekaran, 2003). A pre-test also assists in making up for the inadequacies of the questionnaire administration and in turn, decreases bias.

The questionnaire can be tested on a small number of respondents (Cooper & Schindler, 2008). Burn and Bush (1998) recommend 5-10 representative respondents in the pre-test for the identification of questionnaire issues.

#### **3.9.2 Validity and Reliability of Measurement**

##### **3.9.2.1 Validity**

According to Cavana *et al.*, (2001) “Validity is defined as the evidence that the instrument, technique or used to measure a concept does indeed measure the intended concept”. Validity is a measurement characteristic concerned with the exact nature of its measurement. In other view, what the researcher actually wishes to measure and difference found with a measure tool reflects true difference among participants drawn from a population (Cooper & Schindler, 2008). There are two types of validity: content

(face) and construct.

In order to ensure the face validity of the instrument, the pre-test study is represented to access reliability of measurement items as discuss in the next section. Content validity of the instrument was achieved by adapting the items that were used in the previous studies and gathering experts' opinions. According to Hair, Money, Samouel & Page (2006), seeking opinions from academics who are experts in their particular area leads to proper assessment of the content validity. Thus, to obtain feedback on the instruments, the questionnaires were sent to the experts in the academic area of this study at Rajabhat Nakhonprathom University, Thailand. Based on the comments, item corrections were carried out to rewrite and to ensure the wording and clarity of the items. The pretest was used to ensure the suitability of the final instrument.

### **3.9.2.2 Reliability**

Hair *et al.* (2006) note that validity is related to accuracy, reliability, and consistency. The reliability value for each measurement was computed for a pretest study. The internal consistency of the scale using Cronbach's alpha reliability coefficients is one of the conditions for selection of past measurement. Thus, reliability analysis was used on the variables to test the internal consistency of all instruments. The results are presented in Table 3.12.

According to Hair *et al.* (2006), the strength of relations for Cronbach's alpha values with a reliability less than 0.60 is identified to be poor, 0.60 to 0.70 is moderate, 0.70 to 0.80 is good, 0.80 to 0.90 is very good, and over 0.90 is excellent. The results show that the questionnaires are clear and comprehensible to all of them. All measurements show adequate levels of internal reliability

The questionnaire was pre-tested with 10 IJVs firms in Thailand to validate before the full scale data collection began.

The 10 pre-test groups consisted of two agriculture and products firms, two paper and plastic firms, two service firms, two electronic firms and two metal machinery transport equipment firms. All the firms are located in Thailand. The participants of the pre-test are not included in the actual study.

Ten of top managers of IJV firms were selected for face-to-face interview. This interview was to test if the respondents would be able to access and understand the information requested. They were requested to evaluate the questionnaire with regards to its clarity, bias, ambiguity; and relevance to the Thai business environment. They were also requested to provide feedback on the instruments with regards to its construction, sequencing and timing. However, the result suggested only minor changes, which resulted in the original number of question items being retained. In addition, it is important provide both English and Thai translation of each questionnaire statement as some of the Thai respondents felt more comfortable when answering in Thai.

All the six dimensions measure showed adequate levels of internal reliability. The Cronbach's alpha values of the antecedent variable that including of the local partner's characteristic, the foreign partner's characteristic and the knowledge mechanism obtained a reliability of 0.883 - 0.799. The independent variable that is knowledge transfer obtained a reliability of 0.909. The cultural distance variable obtained a reliability of 0.755 and the reliability of IJV firms' performance was 0.750.

Table 3.13  
*Reliability Analysis of the Pre-test study variables*

| <b>Variables</b>                         | <b>Cronbach's Alpha</b> |
|--|-------------------------|
| <b>Antecedent Variables</b>              |                         |
| Capacity to learn                        | 0.833                   |
| Intent to learn                          | 0.799                   |
| Experience                               | 0.877                   |
| <b>Local partner's characteristics</b>   | 0.789                   |
| Capacity to transfer                     | 0.833                   |
| Willingness to transfer                  | 0.820                   |
| <b>Foreign partner's characteristics</b> | 0.776                   |
| <b>Knowledge transfer mechanism</b>      | 0.883                   |
| <b>Independent variable</b>              |                         |
| Knowledge transfer                       | 0.909                   |
| <b>Dependent variable</b>                |                         |
| IJV firms' performance                   | 0.750                   |
| <b>Moderator variable</b>                |                         |
| Cultural distance                        | 0.755                   |

### **3.10 Data Analysis Technique**

The analytic approach is an analysis step such as coding the data from the respondents, data screening and transforming and modeling data with the goal of highlighting useful information, suggestive conclusions, and supporting decision-making. This study used Statistical Package for Social Science (SPSS version 21.0) software for data analysis in order to present the hypotheses testing procedures and descriptive explanation. SPSS is one of the most established and popular packages used to analyse data to attain the research objectives (Bryman & Cramer, 2003).



The reason why the researcher used SPSS is because of its good statistical practice and its outstanding data presentation capabilities. Furthermore, SPSS is an advanced tool for analyzing a variety of statistical samples, especially in the context of small-scale research. In fact, most researchers use SPSS in their research (Greasley, 2008; & Nit, 2004)

The sections below discuss various statistical tests performed in the study. They are:

1. Factor and reliability analysis
2. Descriptive statistics to describe the characteristics of respondents
3. A chi square test to check for response bias
4. Correlation Analysis to test the relationship between antecedent variables on knowledge transfer
5. Multiple regressions to test the relationship between antecedent variables and knowledge transfer
6. Linear regressions to test the relationship of knowledge transfer and IJV firms' performance
7. Hierarchical regression to test the moderating effect of cultural distance on the relationship between knowledge transfer and IJV firms' performance

### **3.11 Data Analysis Procedure**

#### **3.11.1 Descriptive Statistics**

The respondents' characteristics were determined via descriptive statistics, where frequencies and percentages were utilized to calculate demographic variables to shed light on the sample's characteristics, such as gender, level of education and job position. Furthermore, means and standard deviations were used to analyze the data on respondents' age, experience, job tenure, and organizational tenure. Specifically,

descriptive statistics provides an overview of the data for the study variables, by taking mean, standard deviation and variables percentage into consideration.

### **3.11.2 Test of Difference**

In a data collection method that is dependent on respondents' cooperation, there is always the possibility for non-response bias. The problem with non-response is the bias or systematic distortion in the survey that arises owing to the inability to obtain responses from some sample units (Lessler & Kalsbeek, 1992). Moreover, non-response, in the present study, may also arise due to several reasons: not being in Thailand at the time when data was collected, refusal to participate and difficulties in scheduling, among others. In the present study, non-response bias was handled by conducting a comparison between early and late respondents based on the variables as suggested by Armstrong and Overton, (1977). They add that later replies constitute more non-respondents compared to early ones.

### **3.11.3 Factor Analysis**

Factor analysis, like exploratory (EFA) and confirmatory analysis (CFA), is the most well-known method in the research methodology. Hair *et al.* (2007), describe it as combining the related variables together and analyzing for reducing a large number of variables. Factors considered significant have loading greater than 0.30 (absolute value), and more important have loading of 0.40; and they are considered very significant if the loading is 0.50 or greater. Exploratory analysis (EFA) provides an insight into the nature of the constructs that influence a set of responses, whereas confirmatory factor analysis examines whether or not a set of constructs influences the responses as predicted (DeCoster, 1998).

Several statistical information has verified the suitability of factor analysis, with one of them being the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. In this regard, the minimum acceptable KMO value is 0.50 and over as suggested by Hair, Anderson, Tatharm and Black (1998). Aside from that, the Bartlett's sphericity test should generate a significant value of chi-square that falls between 0.50 and 0.70 (good), between 0.80-0.90 (great), and above 0.90 (super) (Hutcheson & Sofroniou, 1999).

Furthermore, several criteria are utilized to decide on the number of extracted factors, one of which is the latent root criterion. Such criterion states that only factors with latent roots higher than 1 are significant. Besides that, the theory pertaining to certain variables is also considered to determine the number of factors to be extracted. In terms of factor loadings, Hair *et al.* (1998) establish preferable loading at  $\pm 0.05$  and above.

Factor analysis was carried out in this study to analyze the structure of the interrelationship among the variables into a set of common underlying dimensions (Hair *et al.*, 1998). By carrying out factor analysis, separate dimensions can be determined and each variable can be identified by association with a particular dimension. Moreover, to carry out the test of differences, the chi-square test and t-test were used in this study to determine the differences between early and late respondents. The ANOVA technique was used to analyze variance, and determine if there are any differences in the organizational background in all variables.

### 3.11.4 Reliability Analysis

Reliability refers to the measurement level that can be said to be error-free and hence certain to produce consistent results. It also refers to the internal consistency of the scale that examines the level to which the items measurements are homogeneous. Moreover, the internal consistency reliability technique is the most popular tool to evaluate the instruments and scales. This technique also acts as a pointer concerning how well the dissimilar items evaluate the similar notion. The internal consistency reliability technique is measured using Cronbach's Alpha (Cronbach, 1951; Nunnally, 1978). Trivedi (2006), states that the reliability of a test can be measured by asking the following questions:

1. Will measures yield have the same results from differences of the situation?
2. Will similar observation be made by other observers?
3. Is there transparency in how sense was made from raw data?

Gunnthorsdottir, McCabe and Smith (2002) describes reliability as the level of the experiment's trustworthiness. The reliability of research is determined by the repeatability of similar results if the experiment is repeated. Zikmund (2003) also defines reliability as the level to which measures are error-free and thus generate consistent outcomes.

To ensure data collection is reliable, researcher has used reliability tests, including coefficients like split half reliability by Cronbach's alpha. Of these tests, Cronbach's alpha is the most commonly utilized reliability coefficient owing to the fact that it can be interpreted as correlation coefficient ranging from 0-1 (Carmines & Zeller, 1979). In the present study, Cronbach's alpha was utilized to validate the variables' reliability in the collected data, where a minimum reliability of 0.60 was set in line with Nunnally

(1978), who recommended the reliability range from 0.50-0.60, although Hair *et al.* (1998) state that a coefficient of 0.70 or over is desirable.

### 3.11.5 Correlation Analysis

The Pearson Correlation coefficients were calculated to check the correlations and directions among the examined variables. Moreover, this analysis was also performed in order to ascertain the interdependency of the investigated variables. In verifying the intensity of the relationship between the independent and the dependent variables, according to Green, Salkind and Akey (1997), the correlation coefficients of 0.10, 0.30, 0.50, irrespective of the symbol, are normally decoded as small, medium and large coefficients, respectively, especially for the behavioral sciences.

Hence, the popularity to calculate means value is used Pearson's Product Moment to find the inter-correlations coefficients ( $r$ ) among the variables. Hair *et al.* (2010) argue that a correlation coefficient of 0 shows that there is no relationship and a correlation of  $\pm 1.0$  specifies the existence of absolute relationship. In addition, Hair *et al.* (1998) point out that high correlation coefficients of 0.90 imply the existence of multicollinearity. Moreover, Saunders, Lewis, and Thornhill (2003), say this coefficient can take on any value between -1 and +1. A value of +1 represents a perfect positive correlation. This means that the two variables are precisely related and that, as values of one variable increase, values of the other variable will increase. By contrast a value of -1 represents a perfect negative correlation. This means that the two variables are precisely related. However, as the values of one variable increase those of the other decrease. For a value of 0, it means the variables are perfectly independent. Within business research it is extremely unusual to obtain perfect correlations.

As suggested by Cohen (1988),  $r$  ranging between  $\pm 0.1$  and  $\pm 0.29$  may be regarded as a low indication of the degree of correlation;  $r$  ranging from  $\pm 0.30$  and  $\pm 0.49$  may be regarded as indicating a moderate degree of correlation; and  $r$  ranging from  $+0.50$  to  $+1.00$  may be regarded as a high degree of correlation.

In this study the researcher used correlation analysis to test the relationship between the antecedent variables (capacity to learn, intent to learn, experience, capacity to transfer, willingness to transfer, and knowledge transfer mechanism) and knowledge transfer and the relationship between knowledge transfer and IJV firms' performance in Thailand.

### **3.11.6 Preparing Data for Multivariate Analysis**

The researcher, at this level, checked the postulations for the factor analysis and multivariate analysis:

1. The normality of the data using Kurtosis, Probability Plot and Skewness.
2. The subsistence of outliers using Mahalanobis Distance.
3. Multicollinearity using the Variance Inflation Factor (VIF).

### **3.11.7 Multiple Regression Analysis**

The multiple regression analysis is the statistical technique used to examine the relationship between the three antecedent variables that are; firstly is local partner's characteristics (capacity to learn, intent to learn and experience), secondly is foreign partner's characteristic (capacity to transfer and willingness to transfer), and the lastly is a knowledge transfer mechanism and knowledge transfer.

The processes to test multiple regression, the relationship between multiple independent variables (predictor) and single dependent variable (criterion) was

examined via regression coefficients. The standardization process adjusts the regression coefficients to account for the difference in scales of measurement. Beta coefficients range from -1.00 to +1.00. (Hair *et al.*, 1998).

Before the regression results can be considered valid, the degree of multicollinearity and its effect on the results was examined. The two stage process was used. Firstly, the conclusion obtained from the VIF and tolerance values were compared. According to Hair *et al.* (1998), the condition indices and VIF should not exceed the threshold values of (.30) and (.10) respectively. Second, the cases that fell within the outlier range were examined with a threshold of 3 standard deviations as proposed by Hair *et al.* (1998). Observations that fell within this range were eliminated from the regression analysis.

### **3.11.8 Linear Regression**

Linear regression analysis is the statistical technique used to perform to examine test the relationship between the independent variable, namely the transfer of knowledge and dependent variable, i.e., IJV firms' performance.

According to Hair *et al.* (1998), suggested that linearity is the phenomenon that measures the degree to which the change in the independent variable is associated with the dependent variable.

According to Saunders, Lewis and Thornhill (2003), the regression coefficient analysis enables the researcher to assess the strength of relationship between a quantifiable dependent variable and one quantifiable independent variable. The regression coefficient can take on any value between 0 and +1. It measures the proportion of the variation in a dependent variable that can be explained statistically by the independent

variable. If 50 percent of the variation can be explained the regression coefficient will be 0.5, and if none of the variation can be explained the coefficient will be 0. The authors's research suggests that it should have rarely obtained a regression coefficient above 0.8. The regression coefficient can be used as a measure of how good a predictor on the research regression equation is likely to be. If the research equation is a perfect predictor, then the regression coefficient will be 1. If the equation can predict only 50 percent of the variation, then the regression coefficient will be 0.5, and if the equation predicts none of the variations the coefficient will be 0.

### **3.11.9 Hierarchical Regression analysis**

Hierarchical regression analysis was used to test the moderating effect of cultural distance on the relationship between independent variable (knowledge transfer and together with antecedent variables as set to call overall knowledge transfer) and dependent variables (IJV firms' performance)

In the present study, the hierarchical regression analysis was conducted to examine the interaction effects of the moderator variable on the relationship between the independent and dependent variables. Hierarchical regression or moderator regression analysis has been cited as the appropriate technique in identifying moderator variable (Anderson, 1986; Baron & Kenny, 1986; Frazier *et al.*, 2004).

The reason for using moderated regression analyses (Baron & Kenny, 1986) are: it provides the most effective method for examining a contingency hypothesis wherein there is implied relationship and it is the most efficient method for examining the interaction effect because the untested interaction term's significance is unclear until the main effect of the independent variable has been included in the equation.



In order to examine the effect of moderating variable in this study, three steps of the linear regression were carried out. First, the independent and dependent variable were entered and run to shed light on the relationship between them. Second, the moderator variable was introduced to determine whether its addition impacts the relationship between the dependent and independent variable. In other words, this step determines whether or not the moderator variable predicts the dependent variable. Third, the interaction effect between moderator variable on the dependent variable was determined to identify whether the moderator is partial or full moderator. All three steps were conducted to test on the hierarchical regression in this study.

### **3.12 Summary**

This Chapter presents the overview of the methodology adopted in the research with the details of research design, the conceptual framework and the research strategy. Then, the hypotheses developed for testing the conceptual framework are introduced. Finally, the researcher discusses on the data collection method and the theoretical background adopted in collecting the data in detail along with a description of reliable analysis.

This study has the main objective to clarify the factors that influence the transfer of knowledge and IJV firms' performance in Thailand. For achieving this, quantitative research through the questionnaire method was used to obtain the data and make the analysis by statistical methods, to explain the impact of antecedent variables on the transfer of knowledge and emphasize on the effect of cultural distance as moderator on the impact between knowledge transfer and IJV firms performance in Thailand.

## **CHAPTER FOUR**

### **RESEARCH FINDINGS**

#### **4.1 Introduction**

This chapter explains the findings of the study conducted in accordance with the objectives mentioned in Chapter One. The hypotheses that were developed in Chapter Three were tested and the strengths of the relationships are reported. Several statistical methods were used to analyze the data. In this chapter, firstly, the demographic profile of the respondents is described, secondly, the results of the analysis of antecedent, independent, moderator and dependent variables using reliability analysis are presented; then the results of hypotheses testing are also presented. Lastly, results of the linear and hierarchical regression analyses are provided.

#### **4.2 Response Rate**

The sample respondent of this study consisted of the top managers, such as MDs, CEOs or GMs in the IJV firms, in Thailand. A total of 476 questionnaires were distributed. A total of 160 questionnaires (response rate of 33.61 percent) were returned.

Four hundred and seventy six (476) questionnaires were distributed through mail to MDs, CEOs or GMs in the IJV firms who were representative to distribute the questionnaires to IJV firm and were identified as the key information persons in this study. The previous chapter (chapter three) discussed detailed aspects on the data collection method and sampling size. One hundred and seventy three (173) responses were returned which accounted for 36.34 percent of the total number of samples

distributed. Thirteen (13) unusable responses were excluded from the analysis because they did not complete all sections in the questionnaire. Therefore, the total usable response was one hundred and sixty (160) given a total of 33.61 per cent response rate which considered adequate according to Krejcie & Morgan (1970) and Cohen (1969). As shown in table 4.1 below, summary of response rates.

Table 4.1  
*Summary of Response Rates*

| <b>Response</b>                     | <b>Number</b> |
|-------------------------------------|---------------|
| Questionnaire administered          | 476           |
| Questionnaire Returned              | 173           |
| Response Rate (173/476)             | 36.34%        |
| Incomplete                          | 13            |
| No. of responses usable             | 160           |
| usable questionnaire Rate (160/476) | 33.61 %       |

This response rate is reasonable and considered valid and usable to analyze the data, although it is lower than Pak *et al.* (2009) who achieved a response rate of 55.4 percent; and Wanida (2010); and Liang (2008) who achieved 36.3 percent. However, it is higher than some previous studies in the IJV research field, such as Parkhe (1993) who achieved 33.0 percent; Julain and O’Cass (2004) who achieved 30.8 percent; Lyles and Salk (1996), who achieved 25 percent; and Thuy and Quang (2005) who achieved 20.5 percent respectively; and Julian (2008) who achieved 19.38 percent.

Moreover, the response rate could be due to the nature of the research field and this study that investigates organizational performance and it is aware that it is not easy to reach to the respondents who represent one organization in this field of study. Hunt and Chonko (1987) say as the respondent of the study was a key person in firm, he or she has fewer possibilities to reply to mailed questionnaires as a person in the general population. Hence, the response rate of 33.61 percent is acceptable for studies that explore organizational performance and higher than the standard of approximately 20

percent acceptable mail survey response rate (Samat, Ramayah, & Saad, 2006). Moreover, according to Roscoe (1957), suggests the rule of thumb recommended that sample sizes larger than 30 and less than 500 are appropriate for most research, the sample size obtained for this study is appropriate.

The researcher used many strategies to increase the response rate, such as enclosing a cover letter to ensure anonymity and confidentiality and explaining the purpose of the study. A stamped reply envelope was attached together with the mailed questionnaire. Other strategies were using surface mail and delivering the questionnaire by visiting some respondent companies. This response rate is also attributed to follow-up telephone calls to managers in the sample.

#### 4.3 Profile of the Respondents

For the information that show the Table 4.1 reports a brief summary of the demographics from the respondents. All the information is reported in frequency and percentage.

Table 4.2  
*A brief summary of demographics*

| Item                           | Description | Frequency | Percentage |
|--------------------------------|-------------|-----------|------------|
| <b>Profile of respondents:</b> |             |           |            |
| Position                       | Executive   | 6         | 3.8        |
|                                | Director    | 69        | 43.1       |
|                                | Manager     | 85        | 53.1       |
|                                | Total       | 160       |            |
| Gender                         | Male        | 103       | 64.4       |
|                                | Female      | 57        | 35.6       |
|                                | Total       | 160       |            |
| Age                            | 30-40       | 18        | 11.3       |
|                                | 41-50       | 95        | 59.3       |
|                                | 51-60       | 44        | 27.5       |

Table 4.2 (Continued)

|                            |                       |     |      |
|----------------------------|-----------------------|-----|------|
|                            | More than 61          | 3   | 1.9  |
|                            | Total                 | 160 |      |
| Length of work             | 0-3                   | 21  | 13.1 |
|                            | 4-7                   | 72  | 45.0 |
|                            | 8-10                  | 50  | 31.3 |
|                            | More than 10 years    | 17  | 10.6 |
|                            | Total                 | 160 |      |
| Nationality of respondents | Thai                  | 78  | 48.1 |
|                            | Malaysia              | 5   | 3.1  |
|                            | Chinese               | 9   | 5.6  |
|                            | Japanese              | 17  | 10.6 |
|                            | Singaporean           | 8   | 5.0  |
|                            | American              | 5   | 3.1  |
|                            | Hong Kong             | 8   | 5.0  |
|                            | Taiwanese             | 17  | 10.6 |
|                            | India                 | 3   | 1.9  |
|                            | Indonesia             | 2   | 1.3  |
|                            | Australian            | 2   | 1.3  |
|                            | British virgin Island | 2   | 1.3  |
|                            | Korean                | 5   | 3.1  |
|                            | Total                 | 160 |      |
| Origin country             | Malaysia              | 9   | 5.6  |
|                            | Japan                 | 39  | 24.4 |
|                            | USA                   | 10  | 6.2  |
|                            | China                 | 13  | 8.1  |
|                            | Austria               | 2   | 1.3  |
|                            | Taiwan                | 22  | 13.1 |
|                            | Hong Kong             | 14  | 8.7  |
|                            | Korea                 | 7   | 4.3  |
|                            | Sinapore              | 10  | 6.2  |
|                            | India                 | 5   | 3.1  |
|                            | Australia             | 5   | 3.1  |
|                            | Sweden                | 2   | 1.3  |
|                            | Belgium               | 1   | 0.6  |
|                            | France                | 1   | 0.6  |
|                            | Indonesia             | 2   | 1.3  |
|                            | Germany               | 3   | 1.9  |

Table 4.2 (Continued)

|  |   |                                |      |
|--|---|--------------------------------|------|
|  | United Kingdom  | 3                              | 1.9  |
|  | British Virgin Island   | 1                              | 0.6  |
|  | Netherlands   | 4                              | 2.5  |
|  | Denmark   | 2                              | 1.3  |
|  | Canada  | 2                              | 1.3  |
|  | Spain   | 1                              | 0.6  |
|  | Italy   | 2                              | 1.3  |
|  | Total   | 160                            |      |
| <b>Profile of IJV firms:</b>                     |   |                                |      |
| Year of established                              | Less than 5 years   | 76                             | 47.5 |
|  | 5-10 years  | 58                             | 36.2 |
|  | More than 10 years  | 26                             | 16.3 |
|  | Total   | 160                            |      |
| Employees  | Small (< 50 employees)  | 42                             | 26.3 |
|  | Medium (50-200 employees)   | 73                             | 45.6 |
|  | Large (>200 employees)  | 45                             | 28.1 |
|  | Total   | 160                            |      |
| Type of IJV                                      | Agriculture and agricultural products   | 24                             | 15.0 |
|  | Mining, Ceramics and basic metals   | 7                              | 4.4  |
|  | Light industry (jewelry, sport equipment of parts, garment and textile product, etc.) | 25                             | 15.6 |
|  | Metal products, machinery and transport equipment                                     | 35                             | 21.9 |
|  | Electronic industry and electrical appliances   | 15                             | 9.4  |
|  | Chemical, paper and plastic   | 25                             | 15.6 |
|  | Services and public utilities   | 10                             | 6.2  |
|  | Spare parts for gloves industry   | 1                              | 0.6  |
|  | Trade and investment support office   | 2                              | 1.3  |
|  | Software and digital control  | 4                              | 2.5  |
|  | Hotel   | 8                              | 5.0  |
|  | Ready meal  | 4                              | 2.5  |
|  | Total   | 160                            |      |
|  | Motive of IJVPro  | Better and wider market access | 47   |
| Faster market entry                              |   | 37                             | 23.1 |
| Reduce competition                               |   | 11                             | 6.9  |
| Provide a fast, effective and efficient learning |   | 8                              | 5.0  |

Table 4.2 (Continued)

|                       |   |     |      |
|-----------------------|---|-----|------|
|                       | Reduce costs                            | 8   | 5.0  |
|                       | Share of R&D                            | 2   | 1.3  |
|                       | Reduce costs of production or marketing | 34  | 21.2 |
|                       | Redcue risk                             | 13  | 8.1  |
|                       | Total                                   | 160 |      |
| Number of expatriates | None                                    | 7   | 4.4  |
|                       | 1-2                                     | 75  | 46.9 |
|                       | 3-4                                     | 55  | 34.4 |
|                       | 5-6                                     | 18  | 11.2 |
|                       | More than 6                             | 5   | 3.1  |
|                       | Total                                   |     |      |
| Ownership             | Less than 20                            | 11  | 6.9  |
|                       | 20-49.99%                               | 78  | 48.7 |
|                       | 50-80%                                  | 51  | 31.9 |
|                       | More than 80%                           | 20  | 12.5 |
|                       | Total                                   |     |      |

Background information of the participants is provided in here. The respondents' characteristics include position, the years of firm establishment, number of employees, the number of expatriates in management, gender, age, etc.

Descriptive analysis was run to describe the respondents' profile. The result shows that 3.8 percent of the respondents are Executives, 43.1 percent are Directors and 53.1 percent are Managers, as in the Figure 4.1 below.

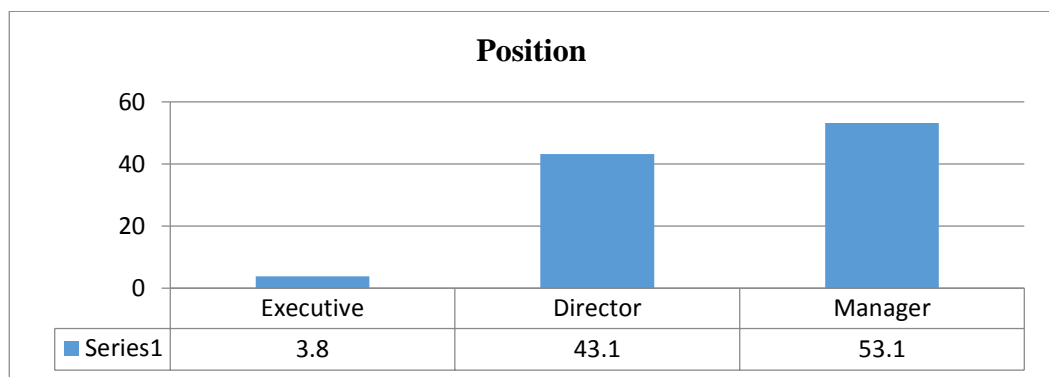


Figure 4.1  
Description of respondents based on position

With regards to the firms were established, the result shows that 47.5 percent of the firms have been established for less than five years, followed by 36.3 percent between 5-10 years and; the firms established for more than 10 years total 16.3 percent. Figure 4.2 below exhibits the percentage of the establishment of the firms:

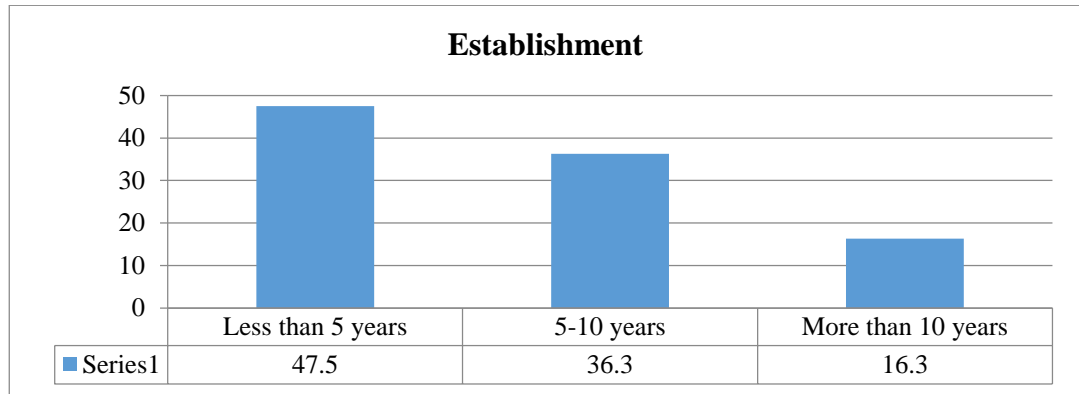


Figure 4.2

*Description of respondents based on year of firm's establishment*

The Thai Ministry of Industry has set standards in the industry to classify three sizes of industry depending on the number of employees and the amount invested in the firm. For small businesses, it is less than 50 people to 20 Million Baht, medium businesses between 50 - 200 people with between 20 -200 Million Baht; and large businesses with up to 200 people and registered capital of 200 Million Baht or more (Thai Ministry of Industry, 2011).

In order to identify the size of the organization, the respondents were asked to indicate the overall number of employees in their firms; the result shows the majority of the firms are medium as expected, where 45.6 percent of the firms have a workforce between 50 – 200; large size firms totaling 28.1 percent with more than 200 employees and small size firms constituting 26.3 percent with less than 50 employees as shown in Figure 4.3 gives this data:



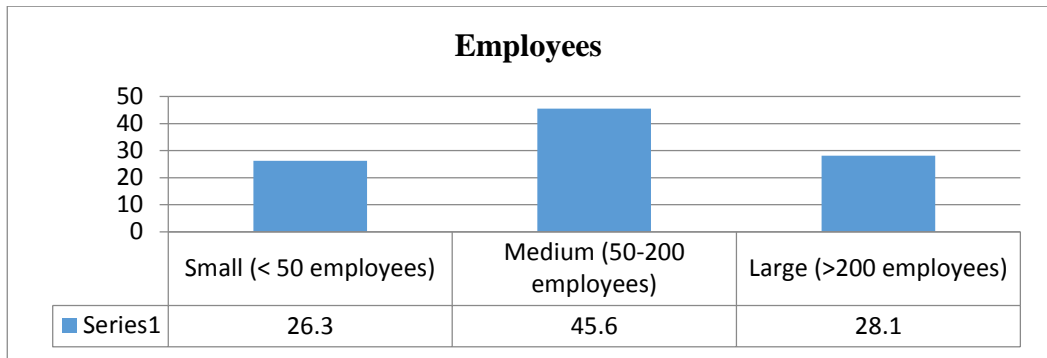


Figure 4.3  
Description of firm size

With respect to the types of industry, the descriptive analysis shows that 22.5 percent of the firms are in metal products, machinery and transport equipment; 16.3 percent are chemical, paper and plastic; while light industry (jewelry, sport equipment of parts, garments and textile product, etc.) is 13.8 percent. The remaining are distributed between agriculture and agricultural products; mining, ceramics and basic metals; electronic industry and electrical appliances; services and public utilities; spare parts for glove industry; trade and investment support office; software and digital control; hotel and ready meals. It can be noted that the variety of industries helped to generalize the findings to cover different kinds of industries. Figure 4.4 provides an overview regarding the types of the industries included in this study:

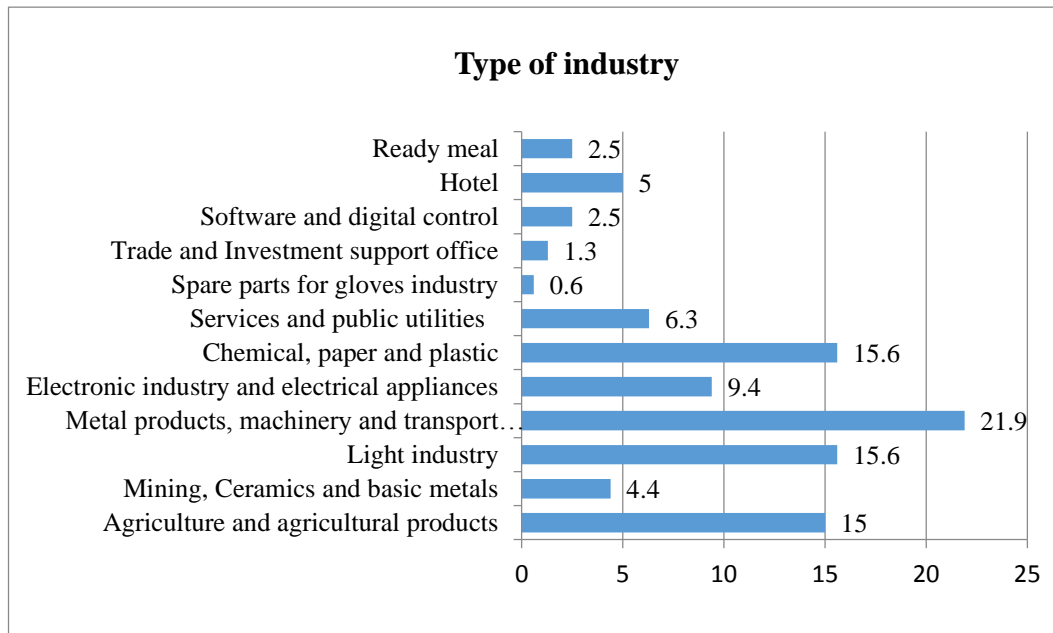


Figure 4.4  
Distribution of respondents based on the type of industry

In terms of motive for setting up IJV, the descriptive analysis shows that 29.4 percent of the firms state better and wider market access; 23.1 percent faster market entry; 21.3 percent reduced costs of production or marketing; 8.1 percent reduced risk; 6.9 percent reduced competition; and providing a fast, effective and efficient learning and reduced costs of 5.0 percent each. Figure 4.5 provides an overview regarding the motive of establishing IJV firms in this study:

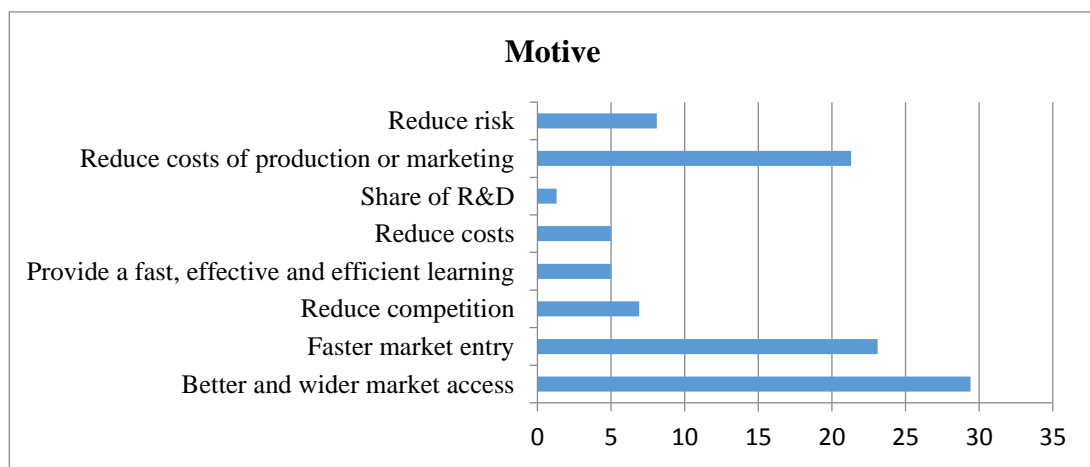


Figure 4.5  
Distribution of respondents based on motive

For the number of expatriates working in IJV firms 46.9 percent have 1 - 2 expatriates; 34.4 percent, 3 - 4 expatriates, 11.3 percent, 5-6 expatriates; 3.1 percent, no expatriate; and 3.1 percent with more than six expatriates. Figure 4.6 gives this data:

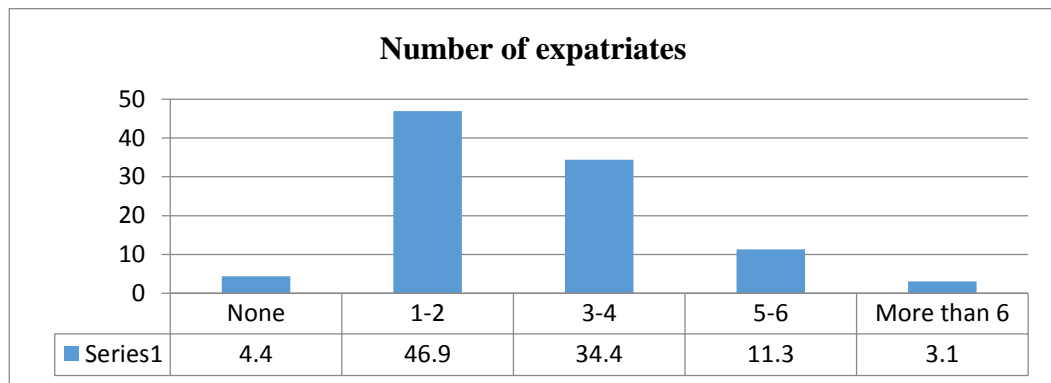


Figure 4.6  
*Distribution of respondents based on number of expatriates*

The descriptive analysis was run to describe the respondents' profile. The result shows that 64.4 percent of the respondents are male; while 35.6 percent are female, as apparent in the Figure 4.7 below.

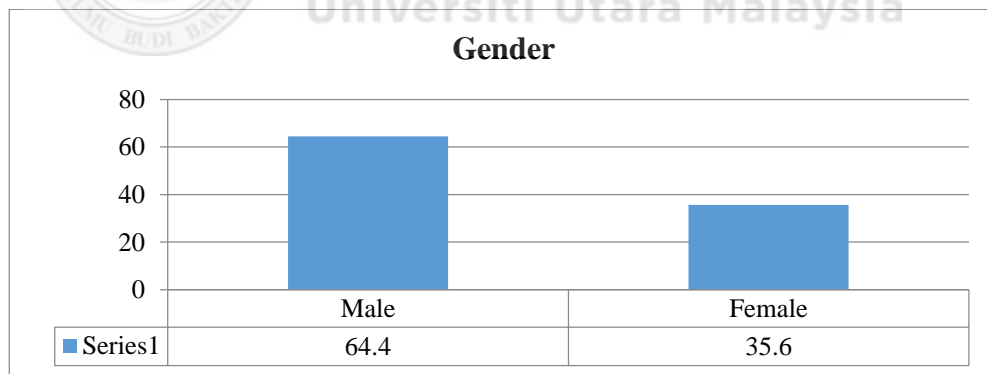


Figure 4.7  
*Distribution of respondents based on gender*

Descriptive statistics also show that the majority of respondents are between the ages of 41-50 years (59.4 percent); 27.5 percent between 51- 60 years; 11.3 percent, 30 - 40 years; while the age of more than 61 years is 1.9 percent as shown in Figure 4.8 below:

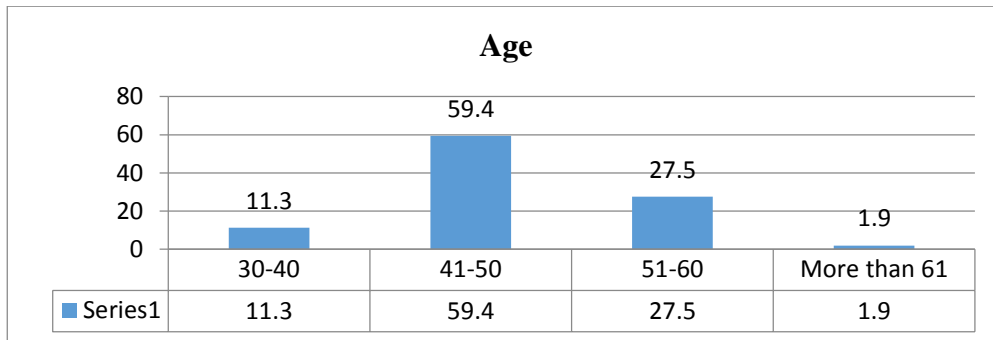


Figure 4.8  
*Distribution of respondents based on age*

With regards to the length of the employees working in the firms, the result shows that 45 percent have been working for between 4-7 years; 31.3 percent for between 8 - 10 years, 13.1 percent for between 0 - 3 years; followed by 10.6 percent for more than 10 years. Figure 4.9 below exhibits the percentage of the years of working in the firms of the respondents:

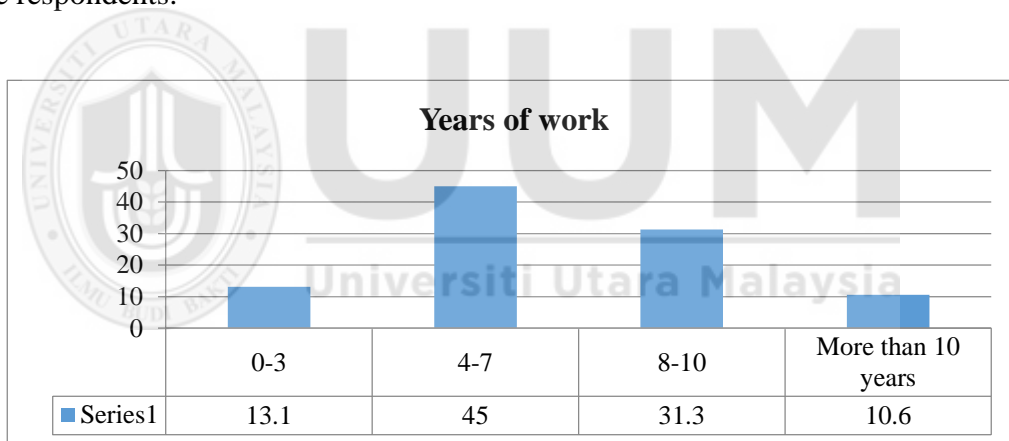


Figure 4.9  
*Distribution of respondents based on years of work*

Descriptive statistics also show that the most of the respondents are Thai (48.1 percent); 10.6 percent are Japanese and Taiwanese; 5.6 percent are Chinese; 3.1 percent are Malaysian and Korean 2.5 percent American; 1.9 percent are Indian; while Indonesian, Australian and British total 1.3 percent as shown in Figure 4.10 below:

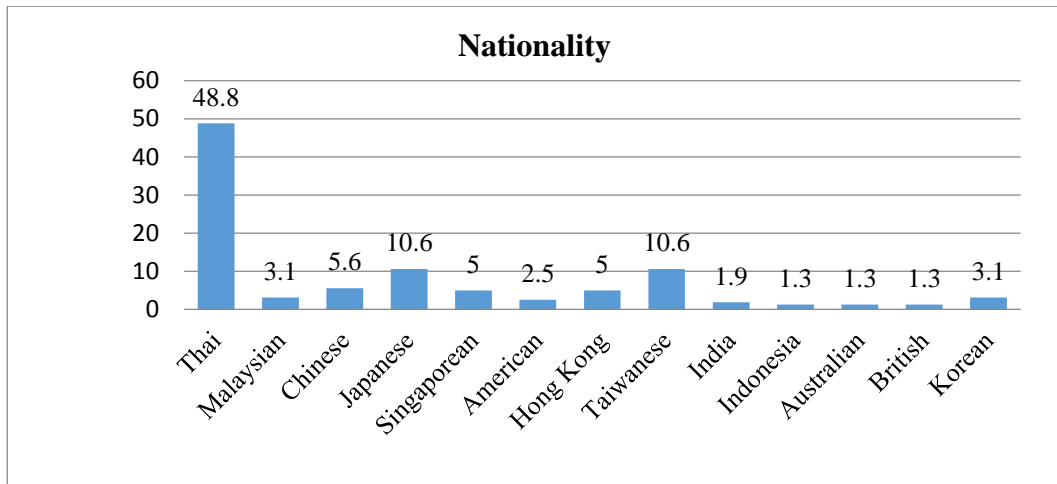


Figure 4.10  
*Distribution of respondents based on nationality of respondents*

Descriptive statistics also show that the country of origin of respondents is Japan (24.4 percent); 13.8 percent from Taiwan; 8.8 percent from Hong Kong; 8.1 percent from China; 6.3 percent from the USA and Singapore; 5.6 percent from Malaysia; and 4.4 percent from Korea, as shown in Figure 4.10 below:

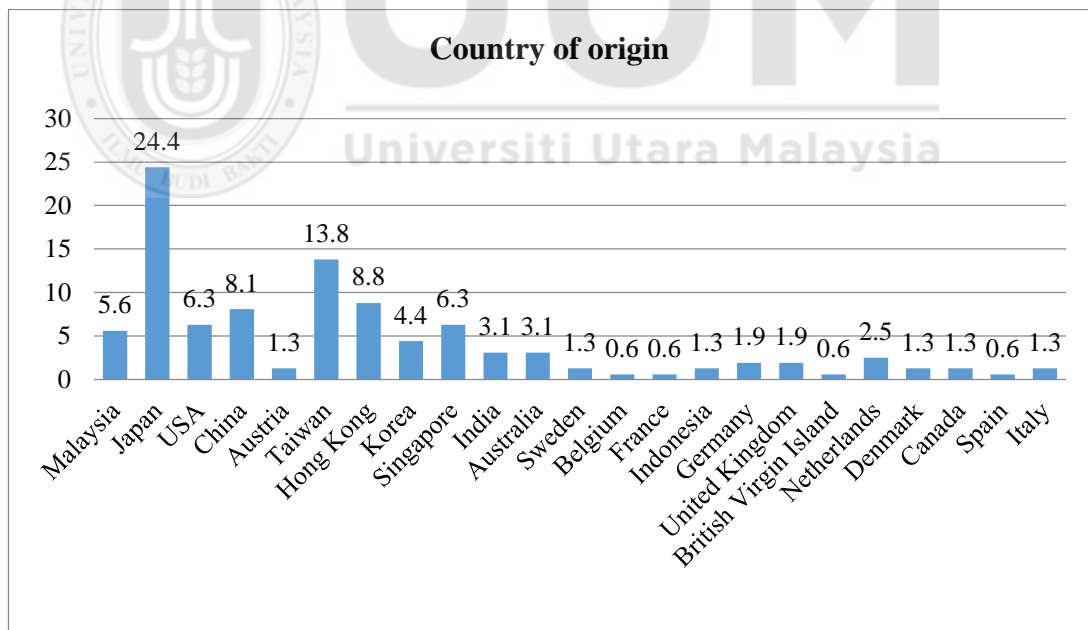


Figure 4.11  
*Distribution of respondents based on country of origin*

In addition, the descriptions of majority with ownership of IJVs between 20-49.99 percent is 48.8 percent; 31.9 percent have ownership between 50-80 percent; 12.5 percent of more than 80 percent; while 6.9 percent have ownership of less than 20 percent as in Figure 4.12.

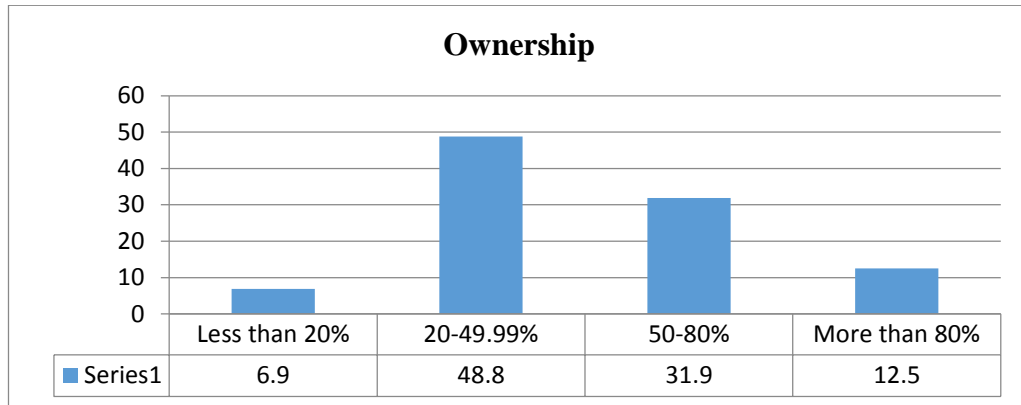


Figure 4.12  
Distribution of respondents based on ownership

#### 4.4 Missing Data

Due to the negative effect of missing data in analysis which will certainly affect the outcome (Cavana *et al.*, 2001). Thirteen returned mail surveys had missing data. Respondents may reject answering some personal data such as their age and position. Likewise, some respondents may not be able to answer due to their lack of knowledge toward a particular topic.

According to Hair *et al.*, (2010); and Tabachnick and Fidell (2007), it is better for researchers to remove the respondent if the missing data is more than 50% and the study does not have any sample size problems. As an alternative to this, is the general handling of missing data through SPSS by replacing missing values with mean or median of nearby points or via linear interpolation. Since the sample size is critical

issue for this study which is represented by a 33.61% response rate. It was found in this study there were no missing values for all the main observed.

#### **4.5 Non-Response Bias Test**

In order to assess the non-response bias, the t-test was carried out to compare the responses of the early and late respondents. The data of this study were collected from 4 July 2013 to 1 November 2013. Although the questionnaires were mailed to the respondents with a return envelope, many respondents responded only after many reminders and visits. Based on Malhorta, Hall, Shaw and Oppenheim (2006), the late respondents could be used in place of non-respondents, primarily because they would not have probably responded if they had not been extensively given follow-up approach. The authors further argue that the non-respondents are supposed to have similar characteristics like the late respondents.

According to Armstrong and Overton (1977); and Kannan, Tan, Handfield and Ghosh (1999), if the differences between late and early respondents are found to be significant, it may be pointing to the underlying differences between respondents and non-respondents. This study carried out t-test to test the differences between the first ninety two (92) early and the lately sixty eight (68) questionnaires. The test took into account all the variables included in the study. However, the results in Table 4.3 show that there were no significant differences between late and early respondents across all the variables (See Appendix E):

Table 4.3  
*T-test results for non-response bias*

|                                   | Testing of equality of variance significance | Testing the equality of means |              |
|-----------------------------------|--|-------------------------------|--------------|
|                                   |  | t-value                       | Significance |
| Capacity to learn                 | .148   | 1.596                         | .112         |
| Intent to learn                   | .448   | -.232                         | .817         |
| Experience                        | .887   | 1.223                         | .223         |
| Local partner's characteristics   | .108   | -1.638                        | .103         |
| Capacity to transfer              | .115   | -.501                         | .617         |
| Willingness to transfer           | .588   | -1.485                        | .139         |
| Foreign partner's characteristics | .256   | -1.587                        | .114         |
| Knowledge transfer mechanism      | .132   | .969                          | .334         |
| Knowledge transfer                | .892   | -.479                         | .632         |
| IJV firms' performance            | .686   | -1.095                        | .275         |
| Cultural distance                 | .717   | -.389                         | .698         |

By referring to Table 4.3, it can be noticed that the assumption of the equality of variance of early and late respondents is met. To have the equal variances, throughout all the variables, permit, then, to test the equality of means of late and early respondents. The results in Table 4.2 show there are no significant differences between the two groups (early and late respondents) regarding all the variables under investigation. Thus, it can be confidently concluded that the issue of non-response bias is not present in this study (Pallant, 2005).

#### 4.6 Detecting Outliers

Outliers involve the data that differs from the rest of the data. They can be well below or well above the other scores (Pallant, 2001). If outliers exist, the result obtained from the analysis can be misrepresented (Tabachnick & Fidell, 2007). Outliers that arise in a case of one variable is called a univariate outlier; however, there are also chances to find outliers occurring in a combination of scores between two or more variables; such outliers are called multivariate outliers (Hair, Black, Babin, & Anderson, 2010).



To detect the univariate outlier, z score was applied. According to Tabachnick and Fidell (2007), any cases that exceed the value of  $\pm 3.29$  ( $p < 0.001$  two tailed test) are considered as univariate outliers. However, from conducting z score, there was no indicator of outliers. Thus the data were further examined to identify multivariate outliers. Multivariate outliers can be recognized by performing Mahalanobis distance analysis. Cases that emerge with value greater than the critical chi-square value of three degrees of freedom at  $p < 0.001$  must be eliminated (Tabachnick & Fidell, 2007). To detect multivariate outliers, Mahalanobis Distance (D2) for each univariate was calculated using SPSS. This analysis evaluated a set of observation compared with the center of all observations on a set of variables. The D2 values represented observations farther removed from the general distribution of observation values.

From Table 4.4 below, the maximum value of D2 was 22.498. The D2 measure was then compare with the chi-square value from the number of variable (40 items) used in this study which was found to be 73.402. The observation with Mahalanobis Distance (D2) greater than chi-square ( $X^2$ ) value of 73.402 was considered as multivariate outlier, and therefore, that case is deleted from the data base (Hair et al., 2006). As can be seen in Table 4.4 below, multivariate outlier has not been found form the data set since no D2 was greater than  $X^2$ . The total usable respondents still remained at 160 cases for the actual data analysis in the next process. More details of Outliers detection is shown in Appendix F.

Table 4.4  
*Outlier Detection and Treatment (Mahalanobis Distance) (N=160)*

|                                   | Minimum  | Maximum | Mean   | Std. Deviation | N   |
|-----------------------------------|----------|---------|--------|----------------|-----|
| Predicted Value                   | 2.7199   | 4.3558  | 3.6674 | .29401         | 160 |
| Std. Predicted Value              | -3.223   | 2.341   | .000   | 1.000          | 160 |
| Standard Error of Predicted Value | .047     | .165    | .099   | .024           | 160 |
| Adjusted Predicted Value          | 2.6401   | 4.2980  | 3.6674 | .29666         | 160 |
| Residual                          | -1.40085 | 1.36508 | .00000 | .41910         | 160 |
| Std. Residual                     | -3.257   | 3.174   | .000   | .975           | 160 |
| Stud. Residual                    | -3.323   | 3.240   | .000   | 1.010          | 160 |
| Deleted Residual                  | -1.45823 | 1.42228 | .00006 | .44997         | 160 |
| Stud. Deleted Residual            | -3.441   | 3.348   | -.002  | 1.026          | 160 |
| Mahal. Distance                   | .938     | 22.499  | 7.950  | 4.331          | 160 |
| Cook's Distance                   | .000     | .119    | .008   | .019           | 160 |
| Centered Leverage Value           | .006     | .142    | .050   | .027           | 160 |

A dependent Variable: ID;X2 (40,P<0.001)= 73.402

#### 4.7 Checking for Multicollinearity

Hair *et al.* (2010) argue that multicollinearity is identified as the point at which the consequence of any variable is described by other variables. As a result, the growth of multicollinearity increases the complexity of explanation of different variables' consequences. The current study employed the tolerance value and Variance Inflation Factor (VIF) to observe the existence of multicollinearity among the variables of the study. According to Hair *et al.* (2010), tolerance is the inconsistency in a variable, which is not described by other variables. Furthermore, the VIF value is the mutual value of the tolerance variable.

Table 4.5 below illustrates that the tolerance values of all the variables range between 0.780 and 0.984. In line with this, the values of VIF for all the variables are in the range between 1.017 and 1.283. The results reveal that the tolerance values of all the

variables of the current study are more than 0.1 (tolerance > 0.10). Accordingly, the VIF values are below the threshold value of 10 (VIF value < 10) as proposed by Hair *et al.*, (2010); and Tabachnick and Fidell, 2007).

This result is acceptable in the sense that it is free from multicollinearity among the variables in the data set. Briefly, the tolerance values and VIF values of the variables incorporated in the study are within the suggested threshold values. Therefore, it was decided that the issue of multicollinearity does not exist in the current study. The full SPSS output is given in Appendix L.

Table 4.5  
*Multicollinearity Test*

| Variables                    | Tolerance Value | Variance Inflation Factor (VIF) |
|------------------------------|-----------------|---------------------------------|
| Capacity to learn            | 0.827           | 1.210                           |
| Intent to learn              | 0.787           | 1.271                           |
| Experience                   | 0.943           | 1.060                           |
| Capacity to transfer         | 0.834           | 1.199                           |
| Willingness to transfer      | 0.891           | 1.122                           |
| Knowledge transfer mechanism | 0.854           | 1.171                           |
| Knowledge transfer           | 0.780           | 1.283                           |
| Cultural distance            | 0.984           | 1.017                           |

#### 4.8 Normality Test

Normality is the most essential assumption in multivariate analysis (Hair *et al.*, 2010). It refers to the shape of the data distribution to an individual study's variables and its connection to the normal distribution (Tabachick & Fidell, 2007; Hair *et al.*, 2010). If the study variables are not normally distributed, the result of the analysis might be corrupt (Tabachick & Fidell, 2007).

To determine whether or not the study's variables are normally distributed, it can be assessed by both graphical and statistical methods (Tabachick & Fidell, 2007; Field, 2005; Hair *et al.*, 2010; Pallant, 2001). Graphical methods involve approaches that

picture the distribution of actual data values and comparing it with theoretical values of a normal distribution (Hair *et al.*, 2010). These graphical methods used in comparing between the actual shape and the theoretical normality distribution are available in histogram, detrended normal Q-Q Plots, and the normal probability plots (Pallant, 2001).

Even though the graphical method is a more dependable procedure, the preparation of objective criteria to determine normality of variables is not available (Park, 2008). This can be resolved by applying the normality statistical tests (Hair *et al.*, 2010). Skewness and kurtosis are used to measure the shape of the distribution (Hair *et al.*, 2010; Tabachnick & Field, 2007). The skewness provides an indication of the symmetry of the distribution and skewness value portrays the regularity of the total achievement: and a skewed variable's will not be at the middle of this distribution, while kurtosis, on the other hand, is used to describe the peaks or flatness of the distribution. If the value of skewness and kurtosis for a factor surplus the range of -1 and 1; the data is presumed to be non-normality distribution (Hair *et al.*, 1998). In addition, a comparison also can be made regarding the level of skewness in the normal distribution by converting the skewness value to z scores; if the values are equal to or greater than  $\pm 1.96$  ( $p < 0.05$ ), the distribution is assumed to be markedly different from the normal distribution. The full SPSS output is given in Appendix G.

According to Roscoe (1975), as cited in Sekaran (2006), proposes some rules for determining sample size. A sample size larger than 30 and less than 500 is appropriate for most research. Since this study acquired 160 samples, hence it is suitable to utilize both graphical and statistical methods in this study.

From table 4.6, shows the normality test that provides information about the value of skewness and kurtosis for each variable from the 160 sample size.

*Table 4.6*

Normality test that provides information about the value of skewness and kurtosis for each variable

| Variables                         | Statistic | Skewness   |                       | Kurtosis  |            |
|-----------------------------------|-----------|------------|-----------------------|-----------|------------|
|                                   |           | Std. Error | Skewness/S E.Skewness | Statistic | Std. Error |
| Capacity to learn                 | -0.024    | .192       | -0.125                | .286      | .381       |
| Intent to learn                   | 0.024     | .192       | 0.125                 | -0.092    | .381       |
| Experience                        | 0.050     | .192       | 0.260                 | -0.399    | .381       |
| Local partner's characteristics   | -0.265    | .192       | -1.380                | -0.123    | .381       |
| Capacity to transfer              | -0.067    | .192       | -0.348                | -0.048    | .381       |
| Willingness to transfer           | -0.088    | .192       | -0.458                | 0.046     | .381       |
| Foreign partner's characteristics | 0.071     | .192       | 0.369                 | -0.080    | .381       |
| Knowledge transfer mechanism      | -0.084    | .192       | -0.437                | -0.234    | .381       |
| Knowledge transfer                | 0.038     | .192       | 0.197                 | -0.193    | .381       |
| Cultural distance                 | 0.128     | .192       | 0.667                 | -0.332    | .381       |
| IJV firms' performance            | 0.197     | .192       | 1.026                 | 0.120     | .381       |

As depicted in Table 4.6, the skewness for the variables ranges from -0.265 to 0.197; and kurtosis ranges from -0.399 to 0.286. Besides, none of the study variables' values indicate the z scores of skewness equal to or greater than  $\pm 1.96$  at  $p < 0.05$ . This implies that the assumption of a normal distribution has been met. The full SPSS output is given in Appendix G.

The examination of the data using graphical approaches also support the result above (see Appendix G). The histogram shows that the actual shape of the distribution of the data of all the variables emerges as a normal curve and from the inspection of the normal Q-Q plot, the observed value is well plotted against the expected value of the

normal distribution (Hair *et al.*, 1998). Moreover, the detrended normal Q-Q plot also illustrates the actual deviation of each observed value as a cluster along a horizontal line with a value of zero (Field, 2005). Therefore, it can be concluded that all the data of the variables in this study meet the criteria of the assumption of normality distribution.

## **4.9 Goodness of Measures**

### **4.9.1 Validity Test**

Validity test refers to evaluation of the extent to which the instrument measures what it asserts to measure (Sekaran & Bougie, 2010). Content validity was conducted by seeking opinions from three academics who are experts in their particular areas. The result of content validity revealed the (item-objective congruence index : IOC) of each question was more than 0.5., which except some statements in which the wording had to be improved and sequences of the words needed to be changed for minimize translation and cross-cultural misinterpretation. Consequently, the IOC of each question was more than 0.5 which shows good content validity (Chawanakrasaesin, Rukskul, Ratanawilai, 2011). In addition, the results suggested only minor changes, which still remained the original number of questionnaire items.

Construct validity, on the other hand, is the method used to measure how well the results attained from the use of the measurement, fit the concept as theorized (Sekaran & Bougie, 2010). It can be attained by conducting factor analysis.

According to Hair *et al.* (2010), factor analysis refers to defining the underlying structure in a data matrix by summarizing the underlying patterns of correlation of closely related items. The exploratory principal component factor analysis with

varimax rotation was performed to recognize a set of parsimonious, distinct and non-overlapping variables underlying the items of each construct. Therefore, exploratory factor analysis was established to extract the components of the antecedent variables (local partner's characteristics, foreign partner's characteristics and knowledge transfer mechanism), independent variable (knowledge transfer), moderating variable (cultural distance) and dependent variable (IJV firms' performance) in the study.

The factorability of the dimensions was examined before performing exploratory factor analysis of the data. The measure of KMO measure of sampling adequacy, and Bartlett's test of sphericity were used to check the factorability of the data.

However, there are a number of statistical assumptions that need to be met to decide whether the items of variables are appropriate for analyzing by factor analysis. First, preferably, the sample size should be 100 or more (Hair *et al.*, 2010). Second, Measure of Sampling Adequacy (MSA) for each item should be above 0.50 (Hair *et al.*, 2006). Next the Kaiser-Meyer-Olkin (KMO) values must be greater than 0.60 (Blakie, 2003). Finally the Bartlett's Test of Sphericity should be significant at  $p < 0.05$  to ensure the efficiency of the correlations among variables and compliance with the basis of factor analysis (Hair *et al.*, 2010).

This study acquired 160 returned questionnaires. This is consistent with the first assumption that the sample size should be 100 or larger. The Rule of Thumb for minimum sample size for multiple regression is  $n=100$  as adequate;  $n=200$  as good; and  $n=400$  and more as great (Hair *et al.*, 2010).

Principal component analysis with varimax rotation was carried out to ascertain whether the items of the study variables in the measuring instrument capture the

concept of local partner's characteristics, foreign partner's characteristics, knowledge transfer mechanism, knowledge transfer, cultural distance, and IJV firms' performance. Hair *et al.* (2010), suggest that to determine the factors to be extracted, principle component analysis with an Eigenvalue of greater than 1.0 should be taken into account.

In factor loading, a loading of  $\pm 0.30$ ,  $\pm 0.40$  and  $\pm 0.50$  or greater are considered as significant, more important, and very significant, respectively (Hair *et al.*, 2010). According to Hair *et al.* (2010), the items with loading of  $\pm 0.05$  will be interpreted as a significant factor.

#### **4.9.1.1 Factor Analysis of Local Partner's Characteristics**

Ten items were used to measure the three dimensions of local partner's characteristics. The results are outlined in Table 4.7 (see Appendix J for the complete analysis).

As indicated in Table 4.7, the KMO measures of sampling adequacy (MSA) is 0.681, with a significant Bartlett's Test of Sphericity (Sig. = 0.00). This indicates that the data are suitable for factor analysis. The variance is explained by 76.297 percent by extracting factors with eigenvalue of more than 1.

In this study, all items have a factor loading of more than 0.50, suggesting that the items correlate significantly to the factor itself with factor loading ranging from 0.701 to 0.919.



Table 4.7  
*Summary of factor analysis of local partner's characteristics items*

| ITEMS   | Component |        |        |
|---|-----------|--------|--------|
|   | 1         | 2      | 3      |
| <b>Factor 1 Experience</b>  |           |        |        |
| 1. The Thai partner encounters communication problems with foreign managers because of language differences | .919      |        |        |
| 2. The Thai partner has prior knowledge in similar industry   | .909      |        |        |
| 3. The Thai partner has prior work experience with foreign companies  | .886      |        |        |
| 4. The Thai partner has prior work experience in new knowledge  | .792      |        |        |
| <b>Factor 2 Capacity to learn</b>   |           |        |        |
| 5. The Thai partner meets the foreign partner's requirements  |           | .936   |        |
| 6. The Thai partner is creative   |           | .912   |        |
| 7. The Thai partner is flexible and continuously adapting to change   |           | .855   |        |
| <b>Factor 3 Intent to learn</b>   |           |        |        |
| 8. The Thai partner is familiar with new technology   |           |        | .877   |
| 9. The Thai partner is willing to accept new work concepts and values                                       |           |        | .774   |
| 10. The Thai partner is eager to acquire new knowledge  |           |        | .701   |
| Eigenvalue  | 3.126     | 2.930  | 1.574  |
| Percentage of Variance Explained = 76.297%  | 31.257    | 29.302 | 15.737 |
| Kaiser-Meyer-Olkin (KMO) = .681   |           |        |        |
| Barlett's Test of Sphericity Approx. Chi-Square = 983.526; df = 45; Sig = 0.00                              |           |        |        |

#### 4.9.1.2 Factor Analysis for Foreign Partner's Characteristics

Eight items were used to measure the two dimensions of foreign partner characteristics. The results are outlined in Table 4.8 (see Appendix J for the complete analysis).

Table 4.8  
*Summary of factor analysis for foreign partner's characteristics items*

| ITEMS   | Component |   |
|---|-----------|---|
|   | 1         | 2 |
| <b>Factor 1 Capacity to transfer</b>  |           |   |
| 1. The foreign partners unreservedly transfers their know-how to Thai firms         | .917      |   |
| 2. The foreign partner is skillful in transferring knowledge                        | .895      |   |
| 3. The foreign partner possesses excellent management skills for knowledge transfer | .891      |   |
| 4. The foreign partner delegates important tasks to Thai firms                      | .877      |   |
| 5. The foreign partner maintains frequent communication with Thai employees         | .442      |   |

Table 4.8 (Continued)

| <b>Factor 2 Willingness to transfer</b>   |        |        |
|---|--------|--------|
| 6. The foreign partners are willing to share information with each other                |        | .934   |
| 7. The foreign partners are confident that their counterparts will honor their promises |        | .928   |
| 8. The foreign partner is not protective of management know-how                         |        | -      |
| Eigenvalue  | 3.404  | 1.837  |
| Percentage of Variance Explained = 65.519   | 42.554 | 22.966 |
| Kaiser-Meyer-Olkin (KMO) = .682   |        |        |
| Barlett's Test of Sphericity Approx. Chi-Square = 771.969; df = 28;                     |        |        |
| Sig = 0.00  |        |        |

Table 4.9 shows the outcome of factor analysis on eight questions for foreign partner variables. One item on willingness to transfer, question number 8 about the foreign partner is not protective of management know-how, was dropped due to anti-image correlation of less than 0.5.

The results of the factor analysis for foreign partner's characteristics using six items show two factors with their relative explanatory power (eigenvalue) of 3.40 and 1.80. As indicated in Table 4.9, the KMO measures of sampling adequacy is 0.685, with a significant Bartlett's Test of Sphericity (Sig. = 0.00). These two factors cumulatively capture about 74.35 percent of the variance in the data. The items included in the extracted factors were originally derived from two dimensions, namely: (1) capacity to transfer; and (2) willingness to transfer.

Table 4.9

*Summary of factor analysis for foreign partner's characteristics items*

| ITEMS  | Component |   |
|--|-----------|---|
|  | 1         | 2 |
| <b>Factor 1 Capacity to transfer</b>   |           |   |
| 1. The foreign partner unreservedly transfer their know-how to Thai employee | .926      |   |
| 2. The foreign partner is skillful in transferring their knowledge           | .902      |   |
| 3. The foreign partner possesses excellent management skill                  | .894      |   |
| 4. The foreign partner delegates important tasks to Thai employees           | .887      |   |

Table 4.9 (Continued)

| <b>Factor 2 Willingness to transfer</b>  |        |        |
|--|--------|--------|
| 5.The foreign partners are willing to share information with each other                |        | .945   |
| 6.The foreign partners are confident that their counterparts will honor their promises |        | .945   |
| Eigenvalue   | 3.403  | 1.802  |
| Percentage of Variance Explained = 74.354  | 48.608 | 25.746 |
| Kaiser-Meyer-Olkin (KMO) = .685  |        |        |
| Barlett's Test of Sphericity Approx. Chi-Square = 765.275; df = 21;                    |        |        |
| Sig = 0.00   |        |        |

#### 4.9.1.3 Factor Analysis of Knowledge Transfer Mechanism

Six items were used to measure the one dimension of knowledge transfer mechanism.

The results are outlined in Table 4.10 (see Appendix J for the complete analysis).

Table 4.10

*Summary of factor analysis for knowledge transfer mechanism items*

| ITEMS  | Component<br>1 |
|--|----------------|
| <b>Knowledge transfer mechanism</b>  |                |
| 1. The process of mechanism in knowledge transfer is done through report performance report feedback   | .762           |
| 2. The process of mechanism in knowledge transfer is done through meeting and briefings  | .717           |
| 3. The process of mechanism in knowledge transfer is done through written rules, procedures and work instruction (e.g. task oriented, marketing instructions) are used | .653           |
| 4. The process of mechanism in knowledge transfer is done through training / on the job training   | .599           |
| 5. The process of mechanism in knowledge transfer is done through foreign visits outside Thailand home country for Thai managers                                       | .574           |
| 6. The process of mechanism in knowledge transfer is done through telephone, computer, fax, communications are used  | -              |
| Eigenvalue   | 2.251          |
| Percentage of Variance Explained = 37.513  |                |
| Kaiser-Meyer-Olkin (KMO) = .597  |                |
| Barlett's Test of Sphericity Approx. Chi-Square = 228.893; df = 15;  |                |
| Sig = 0.00   |                |

Table 4.11 shows the outcome of factor analysis on six questions for knowledge transfer mechanism variable. One item on knowledge transfer mechanism, question number 6: the process of mechanism in knowledge transfer is done through telephone,

computer, fax, communications are used, was dropped due to anti-image correlation of less than 0.5.

The results of the factor analysis for knowledge transfer mechanism using five items show one factor with its relative explanatory power (eigenvalue) of 2.228. As indicated in Table 4.11, the (KMO) measures of sampling adequacy is 0.597, with a significant Bartlett's Test of Sphericity (Sig. = 0.00). This one factor is cumulatively captured by 44.56 percent of the variance in the data. The items included in the extracted factors were originally derived from one dimension, namely knowledge transfer mechanism

Table 4.11

*Summary of factor analysis for knowledge transfer mechanism items*

| ITEMS  | Component<br>1 |
|--|----------------|
| <b>knowledge transfer mechanism</b>  |                |
| 1. The process of mechanism in knowledge transfer is done through report performance report feedback   | .755           |
| 2. The process of mechanism in knowledge transfer is done through meeting and briefings  | .715           |
| 3. The process of mechanism in knowledge transfer is done through written rules, procedures and work instruction (e.g. task oriented, marketing instructions) are used | .658           |
| 4. The process of mechanism in knowledge transfer is done through training / on the job training   | .606           |
| 5. The process of mechanism in knowledge transfer is done through foreign visits outside Thailand home country for Thai managers                                       | .588           |
| <hr/>  |                |
| Eigenvalue   | 2.228          |
| Percentage of Variance Explained = 44.560  |                |
| Kaiser-Meyer-Olkin (KMO) = .597  |                |
| Bartlett's Test of Sphericity Approx. Chi-Square = 222.917; df = 10; Sig = 0.00  |                |

#### 4.9.1.4 Factor Analysis for Knowledge Transfer

Four items were used to measure the one dimension of knowledge transfer. The results are outlined in Table 4.12 (see Appendix J for the complete analysis).

The results of the factor analysis for knowledge transfer using four items show one factor with its relative explanatory power (eigenvalue) 2.13. As indicated in Table 4.12, the (KMO) measures of sampling adequacy is 0.507, with a significant Bartlett's Test of Sphericity (Sig. = 0.00). This one factor is cumulatively captured by 53.25 percent of the variance in the data. The items included in the extracted factors were originally derived from one dimension, namely knowledge transfer. In this study, all items have a factor loading of more than 0.50, suggesting that the items correlate very significantly to the factor itself with factor loading ranging from 0.683 to 0.796.

Table 4.12  
*Summary of factor analysis for knowledge transfer items*

| ITEMS  | component<br>1 |
|--|----------------|
| <b>Factor knowledge transfer</b>   |                |
| 1. Your firm has acquired knowledge in business strategic thinking and techniques from partner | .796           |
| 2. Your firm has acquired knowledge in human resource management skills from partner           | .726           |
| 3. Your firm has acquired knowledge in marketing / sales skill from partner                    | .709           |
| 4. Your firm has acquired knowledge in managerial skills from partner                          | .683           |
| Eigenvalue   | 2.130          |
| Percentage of Variance Explained = 53.251  |                |
| Kaiser-Meyer-Olkin (KMO) = .507  |                |
| Bartlett's Test of Sphericity Approx. Chi-Square = 366.128; df = 6; Sig = 0.00                 |                |

#### 4.9.1.5 Factor Analysis for Cultural Distance

Five items were used to measure the one dimension of cultural distance. The results are outlined in Table 4.13 (see Appendix I for the complete analysis).

The results of the factor analysis for cultural distance using five items show one factor with its relative explanatory power (eigenvalue) is 2.64. As indicated in Table 4.13, the (KMO) measures of sampling adequacy is 0.798 with a significant Bartlett's Test of Sphericity (Sig. = 0.00). This one factor is cumulatively captured by 52.88 percent of the variance in the data. The items included in the extracted factors were originally derived from one dimension namely cultural distance.

In this study, all items have a factor loading of more than 0.50, suggesting that the items correlate very significantly to the factor itself with factor loading ranging from 0.660 to 0.767.

Table 4.13  
*Summary of factor analysis for cultural distance items*

| ITEMS   | component<br>1 |
|---|----------------|
| <b>Factor cultural distance</b>   |                |
| 1. National cultural differences are more critical in industries where human capital is more important (e.g. consulting or service industries as opposed to, manufacturing) | .767           |
| 2. National cultural differences between partner can be more problematic in joint ventures where both partners participate in management                                    | .755           |
| 3. If national cultural differences are extreme, they may lead to the joint venture's failure   | .747           |
| 4. Partner's national culture greatly differs   | .700           |
| 5. Some national cultural differences are desirable because they negatively influence the joint venture's performance   | .660           |
| Eigenvalue  | 2.644          |
| Percentage of Variance Explained = 52.885   |                |
| Kaiser-Meyer-Olkin (KMO) = .798   |                |
| Bartlett's Test of Sphericity Approx. Chi-Square = 192.482; df = 10;  |                |
| Sig = 0.00  |                |

#### 4.9.1.6 Factor Analysis for International Joint Venture Firms' Performance

Seven items were used to measure the one dimensions of IJV frims' performance. The results are outlined in Table 4.14 (see Appendix J for the complete analysis).

The results of the factor analysis for IJV firms' performance using seven items show one factor with its relative explanatory power (eigenvalue) is 2.34. As indicated in Table 4.14, the (KMO) measures of sampling adequacy is 0.607, with a significant Bartlett's Test of Sphericity (Sig. = 0.00). This one factor is cumulatively captured by 33.34 percent of the variance in the data. The items included in the extracted factors were originally derived from one dimension, namely IJV firms' performance.

Table 4.14

*Summary of factor analysis for international joint venture firms' performance items*

| ITEMS   | component<br>1 |
|---|----------------|
| <b>Factor international joint venture performance</b>                 |                |
| 1. In comparison to your expectations in business volume              | .708           |
| 2. In comparison to your expectations in market share                 | .675           |
| 3. In comparison to your expectations in achievement of planned goals | .631           |
| 4. In comparison to your expectations in profit                       | .594           |
| 5. In comparison to your competitors in market share                  | .554           |
| Eigenvalue  | 2.348          |
| Percentage of Variance Explained = 33.342                             |                |
| Kaiser-Meyer-Olkin (KMO) = .607                                       |                |
| Barlett's Test of Sphericity Approx. Chi-Square = 286.524; df = 10;   |                |
| Sig = 0.00  |                |

#### 4.9.2 Reliability Analysis

The reliability of the scale indicates how free it is from random error (Pallant, 2007).

All the measures obtained from the 160 respondents (N=160) were subjected to reliability analysis to assess the dimensionality of the measurement scale. Scale reliability was assessed in terms of items to total correlation and Cronbach's alpha to determine the internal consistency of the measurement scale.

Cronbach's alpha measures the items' intercorrelation, where alpha should be higher or equal to 0.60; items are deemed to be uni-dimensional and they can be combined in an index or scale. However, some researchers make use of a cut-off of 0.70 (Cohen, 1988). Moreover, Cronbach's alpha is the most extensively utilized form of internal consistency reliability coefficient in the field of social science and business. Alpha is considered zero when the true score is not measured and only an error component exists

Table 4.15 lists the variables and its Cronbach's alpha. (see Appendix H) The Cronbach's alpha show the results between 0.626 – 0.900 of the all variables. From this result, it can be concluded that the measures are all internally consistent and reliable as all of them have a Cronbach's alpha greater than 0.6 (Sekaran & Bougie, 2010).

Table 4.15  
*Reliability Analysis of the study variable*

| <b>Variables</b>                  | <b>No. of Items</b> | <b>Cronbach's Alpha</b> |
|-----------------------------------|---------------------|-------------------------|
| Local partner's characteristics   | 10                  | .722                    |
| Capacity to learn                 | 3                   | .893                    |
| Intent to learn                   | 3                   | .717                    |
| Experience                        | 4                   | .900                    |
| Foreign partner's characteristics | 8                   | .730                    |
| Capacity to transfer              | 5                   | .875                    |
| Willingness to transfer           | 3                   | .626                    |
| Knowledge transfer mechanism      | 6                   | .635                    |
| Knowledge transfer                | 4                   | .704                    |
| Cultural distance                 | 5                   | .767                    |
| IJV firms' performance            | 7                   | .662                    |

#### **4.10 Descriptive Statistics**

When performing the multivariate data analysis, creating a table of means and standard deviations must be considered as the initial step in the process (Walonick, 2010). It is so because these scores may have a significant influence on the results of regression



analysis and can thus be a cause for concern. Table 4.16 shows the means and standard deviations computed using SPSS (version 21).

This part presents descriptive statistics of variables of this study including means, minimum, maximum, standard deviation, and variance. Table 4.8 describes three variables descriptively. All measurements have been tapped on a five-point Likert scale (From 1 = Strongly Disagree to 5 = Strongly Agree; from 1 = never at all to 5 = very often; and from 1 = extremely below expected to 5 = extremely above expected) to measure the respondents' feedback to all the items in each variable (see Appendix J). Hence, scores of less than 2.33 are considered low, score of 3.67 are considered high, and those in between are considered moderated (Hair *et al.*, 2006).

Table 4.16  
*Descriptive statistics of all variables*

|                                   | Descriptive Statistics |         |         |        |                |
|-----------------------------------|------------------------|---------|---------|--------|----------------|
|                                   | N                      | Minimum | Maximum | Mean   | Std. Deviation |
| Local partner's characteristics   | 160                    | 2.50    | 5.00    | 3.9368 | .59071         |
| Foreign partner's characteristics | 160                    | 1.93    | 5.00    | 3.8459 | .58306         |
| Knowledge transfer mechanism      | 160                    | 2.33    | 4.83    | 3.8292 | .50354         |
| Knowledge transfer                | 160                    | 2.00    | 5.00    | 3.6547 | .65928         |
| Cultural distance                 | 160                    | 2.60    | 4.40    | 3.3938 | .58468         |
| IJV firm's performance            | 160                    | 2.00    | 5.00    | 3.7789 | .57151         |
| Valid N (listwise)                | 160                    |         |         |        |                |

Table 4.16 shows the mean value of six constructs consisting of forty (40) items; namely, local partner's characteristics (ten items), foreign partner's characteristics (eight items), knowledge transfer mechanism (six items), knowledge transfer (four items), cultural distance (five items), and IJV firms' performance (seven items).

Cultural distance showed a lowest mean value (3.3938) while local partner's characteristics had a higher mean (3.9368).

The higher standard deviation was found in knowledge transfer (0.65928) and knowledge transfer mechanism was the lowest standard deviation (0.50354). The minimum and maximum means value of six constructs are the range between 1.93 - 5.00.

#### **4.11 Correlation and Hypothesis Testing**

Five hypotheses developed in Chapter three were tested using correlation at the 95 percent confidence level and the results are presented in Table 4.17. An association between two variables can be represented by a variety of coefficients depending on the type of test carried out to validate the relationship.

One of the bivariate measures of association that can be used for the purposes of measuring a relationship between two variables is correlation (Zikmund, 2003). When using correlation, one has to be aware of certain shortcomings present when applying it in practice. One of these shortcomings lies in the fact that correlation operates in a symmetrical fashion, and thus does not provide the researcher with any evidence about the cause-effect directional flow. When working with a set of variables where the dependent variable can be affected by a number of other variables, one must be aware of the fact that any covariance these attributes share with the given independent variable in a correlation may be falsely attributed to that independent variable. Another thing to remember is that correlation usually understates the relationship between two variables which are correlated in a non-linear relationship. Measurement error

attenuates correlation to the extent of the error caused in measurements, including the use of sub interval data or artificial truncation of the range of the data.

Pearson has come up with a correlation matrix which is capable of indicating the direction, strength and significance of the bi-variate relationship between the variables studied. Based on Dillon, Madden, and Firtle (1993), Pearson correlation coefficients range between the limits of value -1 to +1. Positive 1 indicates a perfect positive correlation and negative 1 indicates a perfect negative correlation. A correlation of zero (0) refers to the absence of correlation. Benny and Feldman (1985) suggested a rule of thumb that correlation coefficients exceeding 0.8 were very strong and would like to result in multicollinearity.

Pallant (2007) states the Cohen (1988) suggests guideline on the effect sizes of the correlation coefficients in social science studies as: small effect size,  $r = 0.1 - 0.29$ , medium,  $r = 0.30 - 0.49$ , and large,  $r = 0.50$ .

Table 4.17 presents the results of the correlation analysis carried out to determine the relationship between the IJV firms' performance, knowledge transfer, and an antecedent variables.

Table 4.17  
Correlation results for study variables

| Dimensions                          | 1      | 2      | 3      | 4      | 5      | 6      | 7      | 8      | 9      | 10     | 11 |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|----|
| Capacity to learn                   | 1      |        |        |        |        |        |        |        |        |        |    |
| Intent to learn                     | .286** | 1      |        |        |        |        |        |        |        |        |    |
| Experience                          | -.004  | -.019  | 1      |        |        |        |        |        |        |        |    |
| Local partner's characteristics     | .791** | .664** | .406** | 1      |        |        |        |        |        |        |    |
| Capacity to transfer                | .238** | .214** | .174*  | .335** | 1      |        |        |        |        |        |    |
| Willingness to transfer             | .227** | .050*  | -.040  | .162*  | -.017  | 1      |        |        |        |        |    |
| Foreigner partner's characteristics | .338** | .215** | -.104  | .374** | .768** | .623** | 1      |        |        |        |    |
| Knowledge transfer mechanism        | .006   | .303** | .091   | .190*  | .148   | -.077  | .066   | 1      |        |        |    |
| Antecedents                         | .540** | .561** | .286** | .744** | .623** | .357** | .719** | .595** | 1      |        |    |
| Knowledge transfer                  | .160*  | .298** | .155   | .317** | .301** | .192*  | .355** | .251** | .438** | 1      |    |
| IJV firms' performance              | .230** | .109   | .032   | .230** | .197*  | .396** | .404** | .133   | .367** | .447** | 1  |

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\* . Correlation is significant at the 0.01 level (2-tailed).

From the results shown in Table 4.17, it can be seen that variables selected, namely capacity to learn, intent to learn, capacity to transfer, willingness to transfer, knowledge transfer mechanism, local partner's characteristics, foreigner partner's characteristics are all significantly correlated to knowledge transfer. Moreover, capacity to learn, capacity to transfer, willingness to transfer, knowledge transfer, local partner's characteristics, foreigner partner's characteristics are all significantly correlated to IJV firm's performance.

When testing any set of experimental data, scientists use various methods; however, when making decisions about the results achieved when using the experimental data, hypothesis testing is usually the method of choice. Hypothesis testing is also known as confirmatory data analysis because it is always performed in order to affirm the hypothesis or hypotheses which had been formed in advance of performing the exploratory data analysis; this is when hypothesis is formed, then data is collected and then analyzed to evaluate a hypothesis. Statistical hypothesis testing is the technique of choice when inferring relationships between variables.

From table 4.17, it can be seen that:

Knowledge transfer (KT) is correlated to IJV firms' performance with a correlation coefficient of 0.447\*\* and sig value of  $0.000 < 0.05$ , indicating there is a significant relationship between KT and IJV firms' performance.

Local partner's characteristics are correlated to knowledge transfer (KT) with a correlation coefficient of 0.317\*\* and sig value of  $0.00 < 0.05$ , indicating there is a significant relationship between local partner's characteristics.

-Capacity to learn (CL) is correlated to knowledge transfer (KT) with a correlation coefficient of 0.160\* and sig value of 0.044 < 0.05, indicating that a significant relationship between CL and KT.

- Intent to learn (IL) is correlated to knowledge transfer (KT) with a correlation coefficient of 0.298\*\* and sig value of 0.00 < 0.05, indicating there is a significant relationship between IL and KT.

- Experience (EX) is correlated to knowledge transfer (KT) with a correlation coefficient of 0.155 and non sig value of 0.050 > 0.05, indicating that there is a non significant relationship between EX and KT.

Foreign partner's characteristics are correlated to KT with a correlation coefficient of 0.355\*\* and sig value of 0.00 < 0.05, indicating that there is a significant relationship between foreign partner's characteristics and KT.

- Capacity to transfer (CT) is correlated to knowledge transfer (KT) with a correlation coefficient of 0.301\*\* and sig value of 0.00 < 0.05, indicating that there is a significant relationship between CT and KT.

- Willingness to transfer (WT) is correlated to knowledge transfer (KT) with a correlation coefficient of 0.192\* and sig value of 0.015 < 0.05 indicates that is significance relationship between WT and KT.

Knowledge transfer mechanism (KTM) is correlated to knowledge transfer (KT) with a correlation coefficient of 0.251\*\* and sig value of 0.001 < 0.05, indicating that is significant relationship between KTM and KT.

-The antecedent variables are positively related to KT with a correlation coefficient of 0.438\*\* and sig value of 0.00 < 0.05, indicating that a significant relationship between antecedent variables and KT.

#### 4.12 Independent Samples t -test

The independent t-test was conducted to test the differences between groups (local partner's manager and the foreign partner's manager) for all variables. The nationality of respondents was tested via Independent sample t-test in order to test if there are differences in the nationality of respondents of the antecedent variables, knowledge transfer and IJV firms' performance.

Table 4.18 shows the differences of nationality of the respondents between the Thai and Foreign manager. The results show that there are no significant differences at significance more than level of 0.05 in the nationality of respondent between Thai manager and foreign management in capacity to learn ( $t = 0.18, p > 0.05$ ), intent to learn ( $t = 0.25, p > 0.05$ ), experience ( $t = 0.07, p > 0.05$ ), capacity to transfer ( $t = -1.34, p > 0.05$ ), willingness to transfer ( $t = 1.32, p > 0.05$ ), knowledge transfer mechanism ( $t = 0.31, p > 0.05$ ), knowledge transfer ( $t = 0.88, p > 0.05$ ), and IJV firms' performance ( $t = 0.51, p > 0.05$ ).

Thus, the results show no significant between group variance (Thai and foreigner manager). Thus, the researcher can conclude that there are non-biased for the 160 observations and has reliable for further analysis (Kumar et al., 1993; On *et al.*, 2013). (See appendix M).

Table 4.18

*The Differences in the nationality of the respondents between the Thai and Foreign manager*

| Nationality of the respondent | Respondent | Mean | SD   | t     | Sig  |
|-------------------------------|------------|------|------|-------|------|
| Capacity to lean              | Thai       | 3.35 | 1.02 | 0.18  | 0.85 |
|                               | Foreign    | 3.31 | 0.96 |       |      |
| Intent to learn               | Thai       | 3.73 | 0.60 | 0.25  | 0.80 |
|                               | Foreign    | 3.70 | 0.76 |       |      |
| Experience                    | Thai       | 3.95 | 0.62 | 0.07  | 0.95 |
|                               | Foreign    | 3.94 | 0.61 |       |      |
| Capacity to transfer          | Thai       | 3.33 | 0.94 | -1.34 | 0.18 |
|                               | Foreign    | 3.52 | 0.85 |       |      |
| Willingness to transfer       | Thai       | 3.64 | 0.68 | 1.32  | 0.19 |
|                               | Foreign    | 3.50 | 0.74 |       |      |
| Knowledge transfer mechanism  | Thai       | 3.84 | 0.45 | 0.31  | 0.76 |
|                               | Foreign    | 3.82 | 0.55 |       |      |
| Knowledge transfer            | Thai       | 3.76 | 0.60 | 0.88  | 0.38 |
|                               | Foreign    | 3.61 | 0.71 |       |      |
| IJV firms' performance        | Thai       | 3.69 | 0.46 | 0.51  | 0.61 |
|                               | Foreign    | 3.65 | 0.55 |       |      |

#### 4.13 Multiple Regression Analysis

In order to know the contribution of this relationship between the variables, multiple regression were conducted. Hair *et al.*, (2006), Saunders *et al.*, (2011) and Sekaran (2006) described multiple regressions as a statistical technique to predict the variance in a single dependent variable caused by the effect of more than one independent variables while the multiple regression specify the most crucial variables for this relationship. The interpretation of the regression is based on the standardized coefficient beta ( $\beta$ ) and R Square, which provides evidence about whether to support or not the hypotheses stated in the present study.



#### **4.13.1 The Relationship between Knowledge Transfer and IJV firms' Performance**

From the table 4.19 the multiple regression shown the relationship between knowledge transfer and IJV firm's performance and control variables by age, size of firm and nationality of IJV was included as control variables. (See appendix O).

As shown in table 4.19, IJV firms' performance was regressed on multiple linear regressions consisting of seven predictor variables. Researcher combined antecedent variables with knowledge transfer because the antecedent variables are representative of knowledge transfer variable. Multiple regression analysis was also conducted to determine the significance of antecedent variables and knowledge transfer together (namely, knowledge transfer (KTU)) in predicting IJV firms' performance. Knowledge transfer variable as the set of predictors in this regression equation explained 18.9 percent of the variance in IJV firms' performance ( $R^2 = .189$ ,  $F = 9.059$ ,  $p < 0.01$ ). This means that knowledge transfer (KTU) is significant in the relationship with IJV firms' performance. Hence, Hypothesis 1, is supported.

The relationship between the KTU and the IJV firms' performance in Table 4.19 shows that the results of hypothesis testing (H1) with multiple regression analysis using forced entry at a statistical significant level at p-value  $< 0.01$ , found knowledge transfer has a positive association with IJV firms' performance at p-value  $< 0.01$  (Beta = 0.430,  $F = 11.95$ ). According to Cohen (1988), the  $R^2$  values of endogenous latent variables are assessed as follows: 0.26 is substantial, 0.13 is moderate and 0.02 is weak.

Moreover, the  $R^2$  values represent a measure of the predictive power and indicate the amount of variance in the construct in question, which is explained by it achieving a minimum level of explanatory power (Urbach & Ahlemann, 2010). For instance, Falk and Miller (1992), recommend that  $R^2$  should be at least greater than 0.10; whereas Chin (1998b) considers  $R^2$  values of 0.67, 0.33, and 0.19 as substantial, moderate and weak, respectively.

This means that knowledge transfer can predict at moderate level the relationship with IJV firms' performance. Knowledge transfer predictors in this regression equation explain 18.7 percent of the variance in IJV firms' performance ( $R^2 = .187$ ,  $p < .01$ ).

Table 4.19

*Evaluating the relationship between knowledge transfer (KTU) and IJV firms' performance*

|                          | IJV firms' performance |        |      |
|--------------------------|------------------------|--------|------|
|                          | $\beta$                | t      | Sig  |
| Size of IJV              | -.029                  | -0.354 | .724 |
| Age                      | .017                   | 0.208  | .835 |
| Nationality              | -.020                  | -0.253 | .801 |
| Knowledge transfer (KTU) | .44**                  | 5.99   | .00  |
| R                        | .43                    |        |      |
| $R^2$                    | .189**                 |        |      |
| $R^2$ change             | .188**                 |        |      |
| Std. Error of Estimate   | .46681                 |        |      |
| F                        | 9.059**                |        |      |

\* $p < .05$  \*\* $p < .01$

#### 4.13.2 The Relationship between Antecedent Variables and Knowledge Transfer

From the table 4.20 the multiple regression shown the relationship between antecedent variables and knowledge transfer. (See appendix O).

As shown in Table 4.20, this study found the relationship between three antecedent variables; local partner characteristics, foreign partner characteristics and knowledge transfer mechanism have positive relationship with knowledge transfer.

Table 4.20

*Evaluating the relation between antecedent variables and knowledge transfer*

|                                 | Knowledge transfer |       |      |
|---------------------------------|--------------------|-------|------|
|                                 | $\beta$            | t     | Sig  |
| Local partner characteristics   | .176**             | 2.252 | .026 |
| Foreign partner characteristics | .276**             | 3.576 | .000 |
| Knowledge transfer mechanism    | .199**             | 2.731 | .007 |
| $R^2$                           | .189               |       |      |
| F                               | 7.19**             |       |      |

\* $p < .05$  \*\* $p < .01$

Results indicate that an antecedent variables explain about 18.9 percent of the variance in knowledge transfer ( $R^2 = .189$ ,  $F = 7.19$ ,  $p < .01$ ). The multiple regression analysis confirms that knowledge transfer is significantly related to antecedent variables; local partner's intent to learn, the foreign partner's capacity to transfer, foreign partner's willingness to transfer; and knowledge transfer mechanism that very much predict knowledge transfer.

As shown in Table 4.21, knowledge transfer was regressed on a multiple linear regression which combined the antecedent variables as six predictor variables. The results indicate that six dimensions of antecedent variables explain about 22 percent of the variance in knowledge transfer ( $R^2 = .220$ ,  $F = 7.19$ ,  $p < .01$ ). The multiple regression analysis confirms that knowledge transfer is significantly related to intent to learn, capacity to transfer, willingness to transfer and knowledge transfer mechanism that can predict knowledge transfer. The results also show that experience

is not significantly related to knowledge transfer. This result supports hypothesis H2a, H2b, H2c, H3a, H3b and H4 are supported.

Table 4.21

*Evaluating the relationship between knowledge transfer and six dimensions of antecedent variables*

|                              | Knowledge transfer |       |     |
|------------------------------|--------------------|-------|-----|
|                              | $\beta$            | t     | Sig |
| Capacity to learn            | .160*              | 2.033 | .04 |
| Intent to learn              | .298**             | 3.927 | .00 |
| Experience                   | .155*              | 1.97  | .05 |
| Capacity to transfer         | .301**             | 2.87  | .00 |
| Willingness to transfer      | .192*              | 2.47  | .01 |
| Knowledge transfer mechanism | .251**             | 3.25  | .00 |
| $R^2$                        | .220**             |       |     |
| F                            | 7.19**             |       |     |

\* $p < .05$  \*\* $p < .01$

#### **4.14 The Moderating Effects of Cultural Distance on the Relationship between Knowledge Transfer and IJV Firms' Performance**

The fifth research objective of this study is to investigate how cultural distance moderates the impact of transfer of knowledge on IJV firms' performance in Thailand.

The fifth research question of this study is "How does cultural distance moderate the impact of the overall transfer of knowledge on IJV firms' performance in Thailand?"

One hypothesis was developed in order to accomplish this objective.

This section presents how cultural distance moderates the impact of knowledge transfer and IJV firm's performance. It reveals the hypothesis testing concerning the interaction between cultural distance and knowledge transfer in predicting IJV firms' performance. It indicates the hypothesis testing of H5 presented in chapter three. The hypothesis is displayed again below.

H5: Cultural distances moderates the impact of knowledge transfer on IJV firms' performance

A moderator is a variable that modifies the effect of a predictor on a response between independent and dependent variables. A moderator may increase or decrease the strength of a relationship of the variables or change the direction of a relationship. This study focuses on the moderating effects between cultural distance and knowledge transfer in predicting the IJV firms' performance. Hierarchical regression analysis was employed in order to test the scope of which cultural distance moderates the impact of knowledge transfer on the IJV firms' performance. Hierarchical regression analysis was used to assess the relationship between the independent variable and the dependent variable, investigates on the effect of a different set of independent variable on the dependent variable.

To test the extent of the cultural distance moderates the relationship between KTU and IJV firms' performance, several hierarchical multiple regression analyses were carried out. As mentioned in chapter three, Zedeck's (1971) basic regression equations, including the interaction of the predictors was followed.

This section describes the hypotheses testing considered in the interaction between the moderator and the independent variable in predicting the dependent variable. In the first step, the independent variable was entered into the regression equation. In the second step, the effect of independent variable and moderating variable was entered into the equation predicting the dependent variable. The last step was to deal with the interaction term by multiplying the independent variable and the moderator. The effects of the moderator were tested by the significant effect of the interaction.

According to Baron and Kenny (1986), the effects of the moderator are indicated by the significant effect of the interaction between the independent variable and the moderator. So if the interaction term (independent variable x moderator) explains a

statistically significant amount of variance in the dependent variable, a moderating effect is present (Bennett, 2000). Comparing the  $R^2$  change value (i.e., squared multiple correlation coefficients) and the change in the F value in step 2 and step 3 are also important for deciding the moderating effects (Aguinis, 1995).

### **The Moderating Effect of Cultural Distance on the relationship between Knowledge Transfer and IJV Firms' Performance**

The researcher conducted hierarchical multiple regression analyses in order to investigate the moderating effects of cultural distance on the relationship between KTU and CD with effective on IJV firms' performance. The KTU was entered first into the regression followed by the moderator (CD) and then the interaction terms to test the hypotheses that proposed the moderating effects of cultural distance on the KTU\_CD relationship.

Table 4.22 shows the results of the moderating role of cultural distance on the relationship between knowledge transfer and IJV firms' performance. The result shows that  $R^2$  change and F change from step 1 is significant but for steps 2 and 3 are not significant. Further, this is supported by the fact that none of the standardized beta for the interaction terms is significant. Thus, it can be concluded that cultural distance does not moderate the relationship between knowledge transfer and IJV firms' performance. (See appendix P).

Hypothesis H5 predicted that cultural distance moderates the impact of overall knowledge transfer on IJV firms' performance. Table 4.21 shows the results of the hierarchical multiple regressions which were conducted to test this hypothesis. The standardized regression coefficient (beta) for each antecedent variable is shown in the respective steps. KTU was entered at step 1 and explains 18.9 percent of the variance

in IJV firms' performance. The moderator variable, cultural distance, was entered at step 2 and accounted for 19.3 percent of the variance in IJV firms' performance. Cultural distance has no significant effect on IJV firms' performance ( $\beta = 0.058$ ,  $t=0.79$ ,  $p > 0.05$ ). The entry of the interaction term in step 3 (CD x KTU) has not increased  $R^2$  compared to step 2 (19.3 percent). This interaction term is not significant ( $\beta = 0.004$ ,  $t = 0.050$ ,  $p > 0.05$ ).

The beta coefficient value of the relationship between cultural distance and knowledge transfer interaction and the dependent variable is positive ( $\beta = 0.003$ ,  $p > 0.05$ ); while it is positive and higher in the first step ( $\beta = .431$ ,  $p < .01$ ). This means that cultural distance weakens the relationship between knowledge transfer and IJV firms' performance (see Appendix P).

Hence, Hypothesis H5 is not supported. The current study confirms that cultural distance cannot work as a significant moderator variable because the value of  $R^2$  and F change should be significant ( $p > 0.05$ ), but this study found they are not significant.

Table 4.22

*The moderating effect of cultural distance on knowledge transfer to IJV firms' performance*

| Dependent variable   | Step 1:Independent variables   | Step 2: Moderating variable  | Step3: Two-way Interaction   |
|----------------------|--|--|--|
| IJV firm performance | Knowledge transfer (KTU)<br>( $\beta=.431^{**}$ , $t=5.96$ )<br>F Change = 35.47**<br>F = 11.95**<br>R = .432**<br>$R^2 = .187^{**}$ | Cultural distance (CD)<br>( $\beta=.065$ , $t=0.89$ )<br>F Change = 0.80<br>F = 9.15**<br>R = .437<br>$R^2 = .191$ | KTU_CD<br>( $\beta= .003$ , $t= .040$ )<br>F Change = .002<br>F = 7.274**<br>R = .435<br>$R^2 = .19$ |
|                      | $R^2$ Change = .185**<br>Standard Error = .04  | $R^2$ Change = .004<br>Standard Error = .04  | $R^2$ Change =.00<br>Standard Error = .04  |

Note: Significant levels: \*\* $p < 0.01$ ; \* $p < 0.05$

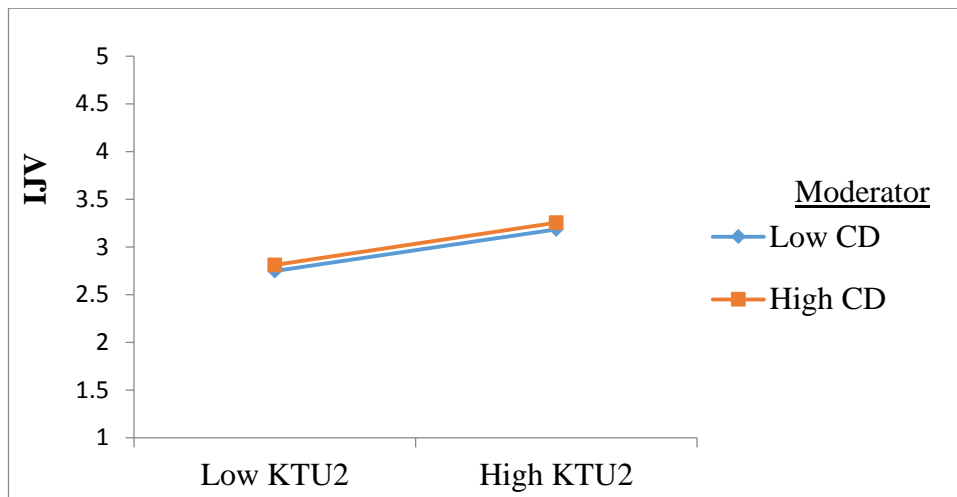


Figure 4.13  
The result of moderating effect

For more understanding of the cultural distance (CD) effect on the relationship between overall knowledge transfer (KTU) and IJV firms' performance, the researcher used the slope test and found that CD strengthens the positive relationship between KTU and IJV firms' performance.

#### 4.15 Summary of Hypotheses Testing

Generally, the finding and discussions of the study are presented in the previous section of this chapter. To provide a brief summary of the study findings, the result of hypotheses testing are presented in Table 4.23 below:

Table 4.23  
Summary of hypotheses testing

| Hypothesis | Statement  | Supported/<br>Not supported |
|------------|--|-----------------------------|
| 1          | Knowledge transfer has a significant relationship with IJV firms' performance    | Supported                   |
| 2a         | Local partner's capacity to learn is significantly related to knowledge transfer | Supported                   |
| 2b         | Local partner's intent to learn is significantly related to knowledge transfer   | Supported                   |



Table 4.23 (Continued)

|    |  |               |
|----|--|---------------|
| 2c | Local partner's experience is significantly related to knowledge transfer                | Supported     |
| 3a | Foreign partner's capacity to transfer is significantly related to knowledge transfer    | Supported     |
| 3b | Foreign partner's willingness to transfer is significantly related to knowledge transfer | Supported     |
| 4  | Knowledge transfer mechanism is significantly related to knowledge transfer              | Supported     |
| 5  | Cultural distances moderates the impact of knowledge transfer on IJV firms' performance  | Not supported |

#### 4.16 Summary

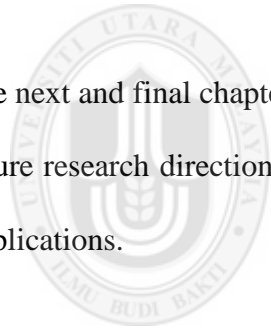
This chapter presents the empirical results and hypotheses testing. A summary of the key findings are presented as follows:

1. The antecedent variables, namely the capacity to learn, intent to learn, capacity to transfer, willingness to transfer and knowledge transfer mechanism have a positive relationship with knowledge transfer.
2. Experience of local partner is not significantly related to knowledge transfer.
3. Knowledge transfer has a positively significant relationship with IJV firms' performance and is able to explain knowledge transfer predictors in this regression equation, explaining 18.9 percent of the variance in IJV firms' performance.
4. As far as moderator is concerned, this study finds that cultural distance does not lead to a stronger relationship between knowledge transfer and IJV firms' performance in Thailand.

#### **4.17 Conclusion**

As a summary, the chapter presents the findings of this study and the explanation of these findings. The quantitative part of the study fulfills the hypotheses objectives. Reliability test was conducted for all the study variables to test the consistency of the measures and the results show that this assumption was met. After descriptive test was done, correlation and regression tests were carried out to investigate the relationship between antecedent variables, knowledge transfer and IJV firms' performance. Hierarchical multiple regression tests were conducted to test the moderating effects of cultural distance on the relationship between overall knowledge transfer and IJV firms' performance. It is predicated that cultural distance is not a substantial moderator variable in this relationship.

The next and final chapter discusses the study's findings, limitations of this study and future research direction as well as the contribution, practical, theoretical and policy implications.



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## **CHAPTER FIVE**

### **DISCUSSIONS AND CONCLUSION**

#### **5.1 Introduction**

This chapter discusses results presented in the previous chapter. The discussions are providing a reasonable support for the conceptual framework and. The first section concentrates on the discussion emerging from the result of the research findings in the previous chapter and this remains consistent according to the objectives of this study. The second section focuses on the theoretical, practical and policy implications of the findings. The third section is on the limitations of the current study. Finally, the chapter concludes with suggestions for future research.

#### **5.2 Overview of the Study**

The main goal of this study is to investigate the effects of knowledge transfer on the performance of IJV firms in Thailand. This leads to five research objectives, namely: a) to examine the impact of local partner's characteristics (capacity to learn, intent to learn and experience) on the transfer of knowledge; b) to examine the impact of foreign partner's characteristics (capacity to transfer and willingness to transfer) on the transfer of knowledge; c) to examine the impact of the knowledge transfer mechanism on the transfer of knowledge; d) to examine the impact of overall knowledge transfer on the IJV firms' performance; and e) to investigate the moderating impact of cultural distance on the relationship between knowledge transfer and IJV firms' performance in Thailand.

The subjects surveyed in this study are 160 IJV firms in Thailand. The response rate of 33.61% were obtained. Quantitative method was used for the data collection. Questionnaires were mailed to the top managers, such as IJV's MDs, CEOs or GMs in charge of these IJV firms in Thailand in order to collect the data. SPSS software version 21 was used to analyze the data. A number of statistical tests, including mean comparisons, correlation, multiple regressions and hierarchical multiple regressions were used to test the study's hypotheses. The study yielded a number of findings about the relationship between knowledge transfer and IJV firms' performance and the moderating effect of cultural distance on that relationship between knowledge transfer and IJV firms' performance. The key findings of this study are listed as below.

### **5.3 Discussion**

Having identified objectives of this study by critically analysing the data, the findings are presented so as to provide an overall result of the study. This study regards to the relationship among each variable used in this study in order to achieve the stated objectives. The first objective is to examine the impact of local partner's capacity to learn, intent to learn and experience on the knowledge transfer. The second objective examines the impact of foreign partner's capacity to transfer and willingness to transfer on knowledge transfer. The third objective examines the impact of knowledge transfer mechanism on the knowledge transfer. The fourth objective is to examine the impact of antecedent variables and knowledge transfer (overall knowledge transfer) on IJV firms' performance. The last objective examines the moderating effect of cultural distance on the relationship between knowledge transfer and IJV firms' performance.

As a review, the research objectives of the study are as listed below.

1. To examine the influence of the knowledge transfer toward the IJV firms' performance of IJV.
2. To examine the influence of local partner's characteristics (capacity to learn, intent to learn, and experience) on the knowledge transfer.
3. To examine the impact of foreign partner's characteristics (capacity to transfer, and willingness to transfer) on the knowledge transfer.
4. To examine the impact of the knowledge transfer mechanism on the knowledge transfer.
5. To investigate the moderating effect of cultural distance on the relationship between knowledge transfer and IJV firms' performance.

### **5.3.1 Knowledge Transfer and IJV Firms' Performance**

The first research objective deals with the influence of the knowledge transfer toward IJV firms' performance. This study tested the hypothesis with knowledge transfer and antecedent variables (capacity to learn, intent to learn, experience, capacity to transfer, willingness to transfer, knowledge transfer mechanisms and knowledge transfer) as set of overall knowledge transfer to the process of transferring knowledge and affect to IJV firms' performance. The result of the multiple linear regressions support for the hypothesized and found that there is a positively significant on the relationship between knowledge transfer and IJV firms' performance. The study found that the capacity to learn, intent to learn, willingness to transfer, knowledge transfer mechanism and knowledge transfer are significantly related to IJV firms' performance but experience is not significant. This study concludes that Hypothesis H1 is supported.

This study has filled the gap of the IJV firms' performance with the attention to knowledge transfer. This study shows that IJV firms and organizational learning process is clear and that the crucial antecedents to the process of transferring knowledge are working rapidly and effectively to the joint venture firms between foreign and Thai partners.

The result of this study is in accordance with the finding of previous studies. This finding also supports the RBV theory that IJV's managers realize the importance of knowledge transfer between IJV partners towards competitive advantage of IJV firms. For example, many researchers have indicated that the transfer of knowledge, from a RBV theory, is key to IJV firms' success (Inkpen & Beamish, 1997; Lyles & Salk, 1996; Makino & Delios, 1996; Griffith *et.al*, 2001). Walter, Lechner, and Kellermanns, (2007); Bonner, Kim and Cavusgil, (2005); Zheng and Larimo, (2010) have extended the notion that firms improve their performance by cooperating with and acquiring knowledge from other organizations. Griffith *et.al*, (2001) indicated that the transfer of knowledge between Kazakhstan and foreign IJV partners and the use of RBV theory have led to improvement in IJVs' stability in Kazakhstan.

Prior research supports a positive relationship between organizational knowledge transfer and performance (Lyles & Salk, 1996; Steensma & Lyles, 2000). Furthermore, Li and Meyer (2009) pointed out that successful IJVs with local and foreign partner results in advanced knowledge creation to benefit both sides and improve social integration with business communities as well as improve relationships between the IJVs. Furthermore, Hamill and Hunt (1998) noted that IJVs allow each partner to concentrate their resources on their areas of expertise, while enabling diversification in attractive but unfamiliar business areas toward competitive advantage. Gutterman

(2012) confirmed the advantages of IJV firms whereby they can share or transfer resources in both financial and non-financial areas (technical know-how, intellectual property right). The partners may have sufficient intangible assets in the form of skilled professional labor and marketing networks. The local partner should be able to supply the requisite knowledge of local tastes and customs to foreign partner to achieve competitive advantage. Meanwhile Mohamad, Ramayah and Hathaivaseawong (2010), in their study of IJVs in Thailand stressed the importance of resources, such as knowledge, as one of the key success factors for market entry.

One of the conceivable motivation to clarify this finding is because of both partners receive the benefits of the knowledge transfer from IJV partners. IJV firms will improve their performance when their needs are met, for example, foreign partners transfer technology, managerial and marketing knowledge to IJVs (Lyles & Salk, 1996; Shenkar & Li, 1999; Steensma & Lyles, 2000; Wanida, 2010). Likewise, Thai local partners also transfer local marketing knowledge to IJVs in order to contribute effective. Hence, if IJV firms accomplish the objectives from both sides, they will proceed with the relationship for long run operation.

As indicated by Hajidimitriou and Rotsios (2009), worked on IJV firms in Greece and found that knowledge transfer is an important fact in the success of IJVs. Kogut (1989) confirmed that transfer of knowledge reflects the gains from enhanced efficiency or more effective specifications of the competitive market. This was also in accordance with Lane *et al.*, (2001); Lyles and Salk, (2006); and Liao and Hu (2007) stated that IJVs as vehicles for knowledge transfer to local firms, enabling them to improve their performance and increase their efficiency and their effectiveness. Furthermore, the new information obtained through IJVs leads to development of new skills and helps

to strengthen competitiveness in the market (Inkpen, 1998; Simonin, 1999a, Sampson, 2007; Park, Vertinsky & Lee, 2012; Schildt, Keil & Maula 2012).

For instance, the studies conducted by Delanty (2001) and Gutterman (2012) found that in challenging and unstable environments, new types of knowledge may become essential and knowledge is more likely to contribute towards certainty. Knowledge and greater innovation are required in order for the firms to survive. This result is similar to Dhanaraj *et al.*, (2004), note that knowledge transfer from foreign parent companies has a positive impact on performance. Furthermore, Drucker, (1993); and Liao and Hu (2007), found that if firms exploit their opportunity to acquire new knowledge from other companies, they can achieve their competitive advantage. In a similar way, Syed-Lkhsan and Rowland (2004), note that knowledge assets in an organization have a direct influence on knowledge transfer within the organization.

This study explains that knowledge transfer of IJVs in Thailand is a contributing variable to IJV firms' performance. This finding indicates that managers in IJVs in Thailand should focus and understand on the knowledge transfer between local and foreign partners and concurrently focus on the knowledge transfer mechanism. These variables are affected to the IJV performance in term of stability in the business.

The logical justification for this finding is that the performance of IJV firms in Thailand were influenced by the knowledge transfer in term of managerial, marketing, human resource, and business strategy between foreign and local partners. According to Polanyi (1966), organizations are able to reach competitive advantage through knowledge and learning. Thus, knowledge and learning activities are important resources which are required in both internal and external situations. Barney (1991) posits the RBV theory supports the relationship between knowledge transfer and firm



performance because both analyses confirm this result. According to Amit and Schoemaker (1993), the RBV of the firm focuses on the firm level resources that provide the firm with a unique competitive advantage. According to the RBV theory, the accumulation of resources that are valuable, rare, and imperfectly imitable and for which there are no strategically equivalent substitutes can create resource position barriers to deter competition, thereby creating competitive advantage.

Furthermore, knowledge-based view theory also supports this finding. The result shows that knowledge transfer is significantly related to IJV firms' performance. In today's highly competitive business environment, knowledge is viewed as a key strategic resource (Doz, 1996; Garvin, 1993; Hult, Ketchen. JR, Cavusgil & Calantone, 2006). Grant (1996) argues that transferability of knowledge between firms is critical for success in organizations and significant in the creation of sustainable competitive edge among firms. Particularly, intangible and knowledge-based resources are largely acknowledged as the most important determinants of a firm's competitiveness as they fit better such conditions of imperfect mobility which the resource and knowledge-based perspectives have identified as a potential source of competitive advantage (Peteraf, 1993; Inkpen, 1998; Zack, 1999; Nonaka & Takeuchi, 1995).

In addition, this finding is in line with the organizational learning theory relationship proposed by organizational learning provide important insights into cross-border, inter-firm knowledge transfers (Argote, McEvily & Reagans, 2003). The insights derived from these theories about the determinants of inter-firm knowledge transfers relate to the effects of the characteristics of knowledge, the characteristics of senders and receivers, and the context of the transfer (Szulanski, 1996; Minbaeva, 2007; Argyris & Schon, 1978). Moreover, core competencies by the expatriates developed

through organizational learning, which are valued by firms and are difficult to imitate by competitors, are viewed as among the major strategic success factors that enhance competitive advantage (Hamel & Prahalad 1990, 1994).

In conclusion, regarding the first hypothesis (H1) in the current study based on the first objective, this study concludes that knowledge transfer has positively significant and affect to IJV firms' performance. Because of knowledge transfer between partners of IJV can contribute to increasing IJV firms' performance especially in Thailand.

### **5.3.2 Local Partner's Characteristics (Capacity to Learn, Intent to Learn and Experience) and Impact on Knowledge Transfer.**

The second research objective examines the influence of local partner's characteristics (capacity to learn, intent to learn, and experience) on knowledge transfer within IJV firms in Thailand. Therefore, the second hypothesis aimed to investigate the effect of local partner's characteristics (capacity to learn, intent to learn and experience) and its ability to transfer knowledge. Three hypotheses were examined: H2a, H2b and H2c, and discussed as follows;

#### **H2a: Local Partner's Capacity to Learn is significantly related to Knowledge transfer**

One of the main objectives of the study is to experimentally give a critical assessment of the relationship between capacity to learn and knowledge transfer. The study shows the relationship between capacity to learn and knowledge transfer to be positively significant which is in line with the second hypothesis (H2a). Local partner's capacity to learn is directly related to the Thai partner firms' ability to create, be flexible, adapt to change and be willing to meet their foreign partner's requirements.

This result is also in line with the results of Minbaeva *et al.* (2014) who examined the effects of absorptive capacity as antecedent to knowledge transfer in MNCs in the USA, Russia and Finland, found that the capacity of absorption has a positive influence on knowledge transfer. In a related vein, a study by Pak and Park (2004) in Korea, found that the relationship between absorptive capacity and knowledge transfer is positively significant. This result is compatible with Chang, Gong and Peng (2012), highlight that the capacity of absorption has a positive influence on knowledge transfer. Thus, if local partner have capacity to learn from foreign partner they are more knowledge transfer. Due to greater the capacity to learn can influence higher level of knowledge transfer (Minbaeva *et al.*, 2014; Mo, Abdelnaser, & Hamid, 2012). Thus, this study points to the need for local partner's capacity to actively engage with their IJV partners in facilitating knowledge transfer.

The results of this study support the organizational learning which shows that capacity to learn has a positive significant effect on knowledge transfer. In the same line with Argyris and Schon (1978) organizational learning theory suggests that to gain more insights on the IJV firms represent conducted through which firms can obtain tacit organizational knowledge embedded in other. Firm form partnerships to capitalize on opportunities to acquire particular new skills. The utilizing the organizational learning theory relationship proposed by provide theoretical insights on how to view the process knowledge transfer.

This study points to the need for local partner's absorptive capacity to actively engage with their IJV partners in facilitating knowledge transfer. The underpinning theory of this study are RBV theory, knowledge-based view theory and organizational learning theory to support on the finding and shows that high capacity to learn is direct impact

to high of knowledge transfer in IJV firms. Greater the capacity to learn can influence higher level of knowledge transfer (Minbaeva *et al.*, 2014).

This study strives to address on the suggestion of previous studies to study on the knowledge transfer and capacity to learn by attempting to describe the relationship between local partner's capacity to learn and knowledge transfer in Thai IJVs. They should more increase capacity to learn from foreign partner for increasing their knowledge which leads to high IJV firms' performance in Thailand. Conclusively, this study reaffirms the view that capacity to learn of local partner has function effects on knowledge transfer. The findings indicated that local partners in Thailand tend to show capacity toward knowledge learning and are higher levels of knowledge transfer.

In conclusion, regarding the second hypothesis (H2a) in the current study based on the second objective, this study concludes that local partner's capacity to learn affect knowledge transfer in a positive way. It is explain that capacity to learn can contribute to increasing IJVs knowledge transfer because of high capacity to learn is direct impact to high of knowledge transfer in IJV firms.

### **H2b: Local Partner's Intent to Learn is significantly related to Knowledge Transfer**

Local partner's intent to learn refers to a situation where local partners intend to learn, share and access the foreign partners' knowledge and competencies (Rose, Uli, Kumar & Wahab, 2009). This study tries to examine how local partner's intent to learn influences participation in knowledge transfer among Thai IJV firms. It is found that the relationship between local partner's intent to learn and knowledge transfer is positive and significant which provides support for the hypothesis H2b. Thus, local partner's intent to learn increases when they have greater intent to learn, share and

access the foreign partners' knowledge and competencies (Inkpen, 2000). This finding indicates that local partner's intent to learn foreign partners can lead to higher propensity of knowledge transfer.

Another explicit, high degree of knowledge transfer indicates that the local partners in an intent to learn, share and accept each other partners, not as competitors, signifying the partners' commitment not to take advantage of the other partner's weaknesses and or vulnerabilities (Steensma & Lyles, 2000), and contribute to learning and sharing (Child & Faulkner, 1998). This finding is in line with the organizational learning theory relationship proposed by Argyris and Schon, (1978) provide theoretical insights on how to view the process knowledge transfer. The theory would be utilized to gain more insights on the IJV firms represent at conduit through which firms can intent to obtain tacit organizational knowledge embedded in other. Firm form partnerships to capitalize on opportunities to acquire particular new skills. Moreover, several researchers have long been viewed in terms of organizational learning perspective which postulates that a firm's competitive advantage depends on how quickly and how to intent to learn the knowledge to meet the advantage to the firm (Fiol & Lyles, 1985; Lyles, 1988; Kogut, 1988). Thus, an IJV's local knowledge can be a source of advantage, when it is uniquely developed or accumulated through its intent to learning-by-doing process of operations in the local country. Moreover, this finding is in line with the RBV Theory, where several researchers have viewed in terms of the resource-based perspective which postulates that a firm's competitive advantage depends on how quickly and how to intent to learn the knowledge to meet the advantage to the firm (Daft, 1983; Barney, 1991; Wernerfelt, 1984; Dierickx & Cool, 1989).

Several previous studies provide support for this study's finding on the consequences of local partner's intent to learn in IJVs. Simonin (2004) examined the effects of learning intent as antecedent to knowledge transfer among IJV firms in the USA. He found that learning intent has a significantly positive relationship with knowledge transfer. This result is supported by several previous researchers, such as Wang *et al.*, (2001); Lyle and Salk (1996) shows intent to learn is a positive indicator of acquired knowledge from foreign partners. Similar with Norman (2004); Hamel (1991); and Inkpen and Dinur (1998) suggest that intent to learn has a positive effect on knowledge transfer because learning first requires that a firm has an intent to learn. Without this intent, a partner is less likely to commit resources to knowledge acquisition and less likely to take actions to appropriate within the local firm's knowledge.

This result indicates that Thai local partners have intent to learn from the foreign partner to enhance their knowledge, skills and competencies. In order ensure the success on IJV firms in Thailand, IJV managers should take the finding above into consideration. The emergence of Thai IJVs in the mainstream global economy will continue to create tremendous opportunities and challenges for the development of Thai managers in IJV firms.

In conclusion, regarding the second hypothesis (H2b) in the current study based on the second objective, this study concludes that local partner's intent to learn affect knowledge transfer in a positive way. It is explain that capacity to learn can contribute to increasing IJVs knowledge transfer.

## **H2c: Local partner's Experience is significantly related to Knowledge Transfer**

In this experiential process, foreign firms develop general knowledge about the political, social, economic and cultural aspects of the investment locations and specific knowledge about local business practices and local networks (Johanson & Vahlne, 1977).

To address the local partner's experience to learn, this study tried to examine how local partner's experience influences knowledge transfer among IJV firms in Thailand. Hypothesis H2c is supported in the present study as the findings demonstrate that the relationship between local partner's experience and knowledge transfer is a positive and significant. The experience of local firm is a familiar feature of local firm with work experience with foreign firms. It is interesting to note that the levels of Thai firm partner's experience seem to have effect on transfer of knowledge.

The finding from previous studies on experience and transfer of knowledge. According to Bapuji and Crossan (2004), suggest that external learning occurs in the form of congenital learning (a new firm learning from the past experience of other firms in the industry), vicarious learning (firms learning from the past experience of other firms) and inter-organizational learning. Inter-organizational learning is organizational learning that occurs through various learning experiences and also when organizations interact with other, and through alliances and joint ventures. Lane *et al.* (2001) report that experience facilitates the level of knowledge acquired. Similar with On *et al.*, (2013) knowledge transfer may directly IJV performance through local partner from past experiences, or experiential learning, in international joint ventures within a local market and become more advanced in climbing the learning curve and helps IJV firms reduce mistakes made by foreign partner in operation (Barkema *et al.*, 1997). While

Lowen and Pope (2008) ) and Lu and Beamish (2006) suggest a positive path from experience to increase of IJV performance, a similar learning opportunity provided by earlier experiences concerns the level of partners' previous participation in international business.

In contrast with Anand and Khanna (2000) find no differences across industries in the effects of experience on the outcomes of IJV. In a related vein, Simonin (1996) highlights non-significant relationship between experience and knowledge transfer is partly caused by the majority of the responding firms in the survey having only been in business for less than five years. Thus, it is possible that the Thai firm partners at that time may have had an optimistic other view of transfer of knowledge from their foreign partner. This is due to knowledge transfer is a continuous process.

Also, the finding of this study is consistent with Nit (2004) who studied the relationship between local partner's experience and marketing knowledge transfer in Thailand. She found that local partner's experience is insignificantly influenced by marketing knowledge transfer. According to Pak and Park (2004), found that local partner's experience is insignificantly related to knowledge transfer among IJV firms in Korea.

Another explanation for the insignificant relationship of experience on knowledge transfer might be related to something in terms of paradox between IJV firms. Simonin (1996) asserts that the benefit of knowledge integration is meshing the different specialized knowledge of different individuals but they are not interaction between them for working in firm. It is also possible that the impact of new knowledge from the foreign partner may decrease over time because Thai firms become more competent and confident in their own administrative heritage (Nit, 2004).



The underpinning theories of this study, i.e., RBV, knowledge-based view and organizational learning support the finding of this study. All dimensions of local partner's characteristics are significant with knowledge transfer except experience. Further, the RBV has in recent years become a major research paradigm guiding inquiry into the antecedents of internationalization (Westhead, Wright, & Ucbasaran, 2001; Hitt, Bierman, Uhlenbruck, & Shimizu, 2006; Tseng, Tansuhaj, Hallagan & McCullough, 2007).

In conclusion, regarding the second hypothesis (H2b) in the current study based on the second objective, this study concludes that local partner's experience do not affect knowledge transfer.

### **5.3.3 Foreign Partner's Characteristics (Capacity to Transfer and Willingness to Transfer) regarding the Knowledge Transfer**

The third research objective of this study is to examine the effect of capacity to transfer and willingness to transfer as predictors of transfer of knowledge. Subsequently, two hypotheses (H3a and H3b) were tested in order to achieve this third objective and are explained below:

#### **H3a: Foreign Partner's Capacity to Transfer is significantly related to Knowledge Transfer**

The capacity to transfer refers to the possession of firm-specific knowledge, and the ability to impart knowledge in a form that can be assimilated by the recipient (Wang *et al.*, 2001). As such, a firm with rich knowledge base will possess more valuable knowledge, routines, competencies and intangible resources for transfer to its partners than a firm with poor knowledge base (Nit, 2004). Foreign partner's capabilities are

an important source of knowledge for identifying potentially useful knowledge to be acquired and adaptive within the IJVs (Fahy, 2000; Wang *et al.*, 2001). This study examines how foreign partner's capacity to transfer influences knowledge transfer among IJV firms in Thailand. It is found that the relationship between foreign partner's capacity to transfer and knowledge transfer is positive and significant which provides support for Hypothesis H3a. This indicates that the higher level of transfer capacity, which is directly reflected in the foreigner's ability and motivation to transfer, contributes to a higher degree of tacit and explicit knowledge that is transferred to the recipient partners in IJV firms. This study also suggests that the greater the ability to transfer by the supplier the higher the degree of tacit and explicit knowledge transfer red to local recipient firms.

Based on the underlying integrated knowledge-based view and organizational learning theories, this study has bridged the gaps in the literature by providing empirical evidence on the effects of two critical elements of capacity to transfer and knowledge transfer in Thai IJV firms. Consistent with recent development in knowledge transfer literature (Szulanski & Cappetta, 2003; Minbaeva, 2007), the results confirm the theoretical proposition which suggested that knowledge provider attributes has become one of the most important determinant of knowledge transfer. From the regression results, the strong significant effects of capacity transfer (CT) on knowledge transfer ( $p < 0.01$ ) confirm the theory on the importance of knowledge transfer within IJV firms (Inkpen, 2000).

The finding of the present study is related to previous studies (Wang *et al.*, 2001; Nit, 2004; Wahab, Rose & Osman, 2011). Wang *et al.* (2001) found that foreign partners with a better knowledge base and skills tend to transfer more management knowledge

to the local partner. According to Nit (2004) found foreign partner's capacity to transfer is positively and significantly related to knowledge transfer among Thai IJV firms. Furthermore, Wahab, Rose and Osman (2012) studied IJV companies registered with the Registrar of Companies (ROC) in Malaysia. They found that transfer capacity (technology supplier characteristic) is positively and significant related to degrees of tacit and explicit knowledge in inter-firm technology transfer. In the results are in line with Sazali *et al.* (2010), Minbaeva (2007), Szulanski (1996); and Gupta and Govindarajan (2000), say knowledge provided from foreign partners has become one of the most important determinant of knowledge transfer.

Conclusively, this study reaffirms the view that capacity to transfer has functional effects on transfer of knowledge. This finding indicates that capacity to transfer is related to the quality of foreign partner's knowledge. The possess knowledge to transfer knowledge of foreign partner are very important for the contribution of Thai partner in IJV firms' knowledge. Furthermore, this result also echoes that foreign partner as knowledge base had prompted the Thai partner to learn.

In conclusion, regarding the third hypothesis (H3a) in the current study based on the third objective, this study concludes that foreign partner's capacity to transfer affect knowledge transfer in a positive way. It is explain that capacity to transfer can contribute to increasing IJVs knowledge transfer.

### **H3b: Foreign Partner's Willingness to Transfer is significantly related to Knowledge Transfer**

The decision to transfer knowledge is largely individual and driven by the ability and willingness of the sender to share knowledge (Minbaeva, 2007; Kogut & Zander, 1992, 1993; Szulanski, 1996). Such a result comes in line with Minbaeva (2007) argues that knowledge sender (source) should possess 'well-developed abilities to articulate and communicate knowledge' to the recipient. This study examines how foreign partner's willingness to transfer knowledge influences knowledge transfer among IJV firms in Thailand. It is found that the relationship between foreign partner's willingness to transfer and knowledge transfer is positive and significant which provides support for Hypothesis H3b. knowledge transfer has positively related it to the ability and willingness of expatriates to integrate new geographically, dispersed skills, know-how and capabilities in the existing knowledge base (Wahab, Rose & Osman, 2011).

The finding of the present study is related to previous studies (Simonin, 2004; Musasizi, 2010; Nit, 2004; Park & Glaister, 2009; Sazali *et al.*, 2010). Simonin (2004) found that partner's protectiveness has a significant and direct negative effect on knowledge transfer. This implies that if a foreign partner has more protectiveness it lowers the level of knowledge transfer. According to Musasizi (2010), reveals that the expatriates' willingness to transfer knowledge is essential to implement effective knowledge transfer programs. He also found a positive and significant direct relationship between willingness and knowledge transfer in the service industry in Uganda. However, this result is not surprising because it is in line with the findings of Nit (2004) found willingness to transfer is significantly related to knowledge transfer in Thailand. Further, Park and Glaister (2009) note willingness to transfer is a key

determinants in IJVs in Korea. In this vein, Kandemir and Hult (2005) argue that knowledge transfer is improved when parent firms have a willingness to share their information and capabilities. Meanwhile, Dhanaraj *et.al* (2004), reveal a positive and significant direct relationship between willingness and knowledge transfer in the service industry in the USA.

Further, this also implies based on the underlying integrated on the knowledge based which foreign partner with a better knowledge base and skill tend to transfer more management knowledge to the local partner. In addition, the results also support the idea that the Thai firm partner want to gain the knowledge from foreign partner for its learning and organizational learning, this study has bridged the gaps in the literature by providing empirical evidence on the relationship between willingness to transfer and knowledge transfer, this study has bridged the gaps in the literature by providing empirical evidence on the relationship between willingness to transfer and knowledge transfer. In the same line as previous studies, the foreign firm expansion which firms invest in abroad markets by provide the valuable resources, such as technological capabilities, brand names, or administration know-how (Filatotchev, Strange, Piesse, & Lien, 2007; Hsu & Pereira, 2008). It is argued that the transfer of such resources abroad helps the firms to reduce costs and risks incurred abroad due to greater managerial complexity and liability of foreigners (Tseng, Tansuhaj, Hallagan & McCullough, 2007), and accomplish economies of scale, scope and production rationalization (Hitt, Hoskisson, & Kim, 1997).

From the regression results, the strong significant effects of willingness to transfer (WT) on knowledge transfer ( $p < 0.01$ ) confirm the knowledge-based view theory and organizational learning theory on the importance of knowledge within IJV firms

(Inkpen, 2000). This suggests that the greater the ability to transfer knowledge by the foreigner, the higher the degree of knowledge that can be transferred to local recipient firms. Consistent with recent development in knowledge transfer literature (Szulanski and Cappetta, 2003; Minbaeva, 2007), the results confirm the theoretical proposition which suggests that knowledge provider attributes have become one of the most important determinant of knowledge transfer.

Conclusively, regarding the third hypothesis (H3b) in this study reaffirms the view that foreign partner's willingness to transfer in positive and has functional effects on transfer knowledge. This finding indicated that willingness to transfer was related to the quality of foreign partner's knowledge. Thus, the implications of this finding assert that willingness to transfer from foreign partner affect to improve the successful of knowledge transfer in Thai partner in IJVs firms.

#### **5.3.4 Knowledge Transfer Mechanism regarding to Knowledge Transfer.**

The fourth objective of this study is to examine the effect of knowledge transfer mechanism as predictors of transfer of knowledge. The overall implication of this study is that knowledge transfer mechanism plays a significant predictor role on knowledge transfer. Hypothesis H4 was tested in other to achieve this study's fourth objective. A detailed explanation of this finding is presented below;

#### **H4: Knowledge Transfer Mechanism is significantly related to Knowledge Transfer**

Knowledge transfer mechanism within IJV firms is considered to be one of the main dimensions that influences knowledge sharing between host and home countries (Pedersen *et.al*, 2003). Home countries may have accumulated a large amount of useful knowledge from host country. However, due to poor communications and lack

of incentives, knowledge could not be transferred and utilized efficiently within IJVs. In order to improve this, effective knowledge transfer mechanisms should be introduced to facilitate the process of knowledge transfer between the host and home countries (Gupta & Govindarajan, 2000; Björkman, Barner-Rasmussen & Li, 2004; Miao, Choe & Song, 2010). Thus, this study examines how knowledge transfer mechanism influences knowledge transfer among IJV firms in Thailand. It is found that the relationship between knowledge transfer mechanism and knowledge transfer is positive and significant which provides support for Hypothesis H4. This study indicates that the knowledge transfer mechanisms (training, written rules, procedures and work instructions, meetings and briefings, visits outside, performance report and feedback and communications) has a positive effect on the transfer of knowledge. Therefore, in order to facilitate knowledge transfer, the foreign partner needs to provide training and other instructions to the Thai IJV firms to help the partners to understand the potential uses of knowledge.

This study concludes the same result as with previous studies such as, Ekore (2014); Lyles and Salk (1996), Lane *et al.*, (2001); and Sazali *et al.* (2010) which show that IJV partners use knowledge transfer mechanisms such as training with a foreign partner as an important predictor of acquired managerial technique, knowledge about foreign cultures and tastes for IJV firms. In addition, the result of the current study is consistent with Ekore (2014), notes that training as a major factor interact with other components to significantly predict knowledge transfer success in the multinational enterprises examined. The assumption of knowledge-based theory of the firm by Grant (1996) supports the present finding as well. The authors' conclusion is that effective knowledge transfer requires the retention of specialized knowledge in the form of

training. It contradicted Perrin and Rolland (2002) who confirmed face-to-face communication as a major factor that encourages knowledge transfer.

Moreover, Cavusgil, Yavas and Dhahran (1984) suggest that the transfer mechanisms has helped Turkish managers learn and use tools and techniques of marketing knowledge. Moreover, Inken and Dinur (2001) found that various knowledge transfer mechanisms facilitate the transfer of knowledge. Similarly Nit (2004), found that knowledge transfer mechanisms via training, visiting, meeting and communication are important avenues for transfer of knowledge that can help Thai IJV firms to gain insight into the foreign partner's knowledge. In Thailand, foreign partners often provide information on manufacturing and marketing that affect the learning process of accumulating knowledge in IJV firms.

Therefore, Ambos and Ambos (2009) emphasised that knowledge transfer process aligned with transfer mechanism that links with specific transfer context will result in transfer effectiveness. In order to improve the effectiveness of knowledge transfer process, firms need to analyze its existing knowledge and assess its knowledge transfer mechanisms basing on their objectives, strategies and the capabilities (Feria & Hidalgo, 2011)

In conclusion, regarding the third hypothesis (H4) and based on the fourth objective in this study. The result demonstrates that Knowledge transfer meachanis through training, written rules, procedures and work instructions, meetings and briefings, visits outside, performance report and feedback and communications are an important on knowledge transfer. Moreover, knowledge transfer mechanism is an interesting context to explore the impact on knowledge transfer of IJV firms in Thailand because



of it contained instruction for knowledge skills which are a common mechanism to convey know-how to Thai IJV firms.

### **5.3.5 Cultural Distance Moderates the Impact on the relationship between Knowledge Transfer and IJV Firms' Performance in Thailand**

The fifth research objective of this study is to investigate how cultural distance moderates the impact of transfer of knowledge on IJV firms' performance in Thailand. The fifth research question of this study is "How does cultural distance moderate the impact of the transfer of knowledge on IJV firms' performance in Thailand?" And to investigate on the hypothesis H5 is that cultural distance moderates the impact of knowledge transfer on IJV firm's performance.

This is answered by conducting the hierarchical multiple regression analyses in order to investigate the interacting effects of the culture distance (CD) with knowledge transfer (KTU) on IJV firm's performance. In the current study, moderating effect of cultural distance on the relationship between knowledge transfer and IJV firms' performance is found to be not significant (as indicated in Table 4.19). Thus, study concludes Hypothesis H5 is not supported.

This study's result is homogeneous with previous studies, such as Park, Vertinsky and Lee, (2012) studied in Korea and found that it is not a significant relationship between cultural distance and the transfer of tacit knowledge, possibly because tacit knowledge transfer, based mainly on observation is less susceptible to linguistic and cultural barriers compared to explicit knowledge transfer that relies in part on verbal instruction or manuals. It is also possible that managers in IJVs are selected for their superior intercultural understanding and tolerance of cultural differences, thus minimizing the impact of cultural distance. Moreover, Hunoldt (2009) study in Germany by Gomez-

Mejia and Palich (1997) study in USA which found that national cultural distance has no impact on IJV performance because of culture may not be as critical of a performance determinant as popular theory suggest and it may be argued that the disadvantages of greater cultural diversity are temporary in nature because the firm may learn to adapt to these over time (Barkema *et al.*, 1996). On the same note study by Liu and Vince (1999) confirms that since western partners possess superiority in technology and management, cultural distance is not an issue. Wadecharoen and Nik (2010), in their study in Thailand demonstrated that cultural factors are not the vital factors for operating IJV in Thailand. The Thai IJV partners shared their culture with multi-national partners from Japan, Taiwan, Singapore, Korea, etc. They are learning about other cultures. These new relationships help achieve IJV firms' effectiveness. Learning processes between local and foreign partners as well as preserving cultural context without adequate attention to cultural differences where learning takes place is considered important. Therefore, this may be another reason to explain cultural distances having no effect on the relationship between knowledge transfer and IJV firms' performance.

This study has contradicted several previous studies. For instance, Park (2004) notes that cultural distance creates conflicts on knowledge exchange between the international partnerships, and Geringer and Hebert (1991), confirm that the IJV firms have low performance because of national culture differences between partners. The causes of low performance are because they have different goals and the different strategies of implementation that affect the agreement pertaining to IJV firms' performance. Moreover, Pothukuchi *et al.*'s (2002) findings suggest that partners' cultural differences may have more influence on international alliance performance. Pothukuchi *et al.* (2002) provide an example of two different IJVs in terms of national

culture, i.e., Japan and the USA. The authors note that in Japan, Japanese partners prefer long-term organizational performance because it is an indicator of satisfaction in the relationship; however, in the USA, partners prefer instant results from the relationship. Due to distinct factors between two national cultures, Japanese and the USA frequently end up with conflict and ineffective IJVs. Moreover, Simoni, (1999) notes that cultural distance in IJVs creates complication and challenges due to the partners needing more time to study the communication process, more time in terms of knowledge transfer and difficulty in understanding the market opportunities.

However, according to Qin *et al.*'s (2008), the moderating role of cultural distance on knowledge transfer in China is found a very significant relationship with performance. Sirmon and Lane (2004) posit the differences in term of national cultures, influence IJV firms' performance by increasing value creating activities and research and development agreements. The authors explain that in terms of value creating activities, "distinctive national culture between joint venture partners can challenge the development of successful relationship", while in terms of increasing research and development agreements, by increasing awareness among managers when dealing with foreign partners to avoid conflict and misunderstandings.

Many foreign firms use entry mode to integrate into IJVs, making this strategy famous in the Southeast Asia region; this could be another possible reason to explain such findings. Foreign partners tend to select partners who they can control. By using management control through silent partners, the home country companies are less exposed to culture clashes and are less sensitive to other partners they cannot control (Lassere, 1999).

There are why cultural distance does not have a significant moderating relationship between knowledge transfer and IJV firms' performance. The majority of the respondents are Asians and among the Asian countries the culture is almost similar. Particularly, in Thailand managerial level employees' behavior is mostly positive and they are willingness to learn and very seldom argue or disagree to learn from a foreign manager. Secondly, it could be most of due to background of the respondents who may have been explored foreign cultures throughout the working years and it could be also to the experience they had dealing the college years. Thirdly, Thai IJV always obey the command by the foreign partner and that might be the reason why they are introverted, nervous, holding high respect and ethical values to other foreign managers, for example, managers from Japan, China, Hong Kong, Malaysia, Taiwan, India and Korea. Fourthly, Thai managerial employee thinks that the managers from these countries have vast knowledge and they are enthusiastic to learn because of high trusting values. On the other hand, Thai workers allow being commanded by foreign managers. However, Thai managers have the capacity to learn and they intend to learn from foreign managers because foreign managers are more knowledgeable. But the main difference between the foreign and Thai managers is that foreign managers have the knowledge transfer mechanism (such as adequate documentation, training and report programs).

This study is underpinned by the RBV theory, knowledge-based view theory and organizational learning theory. Explaining the variables via these theories, it is noted that it is a competitive advantage for IJV firms in Thailand, because through IJV firms, knowledge can be maximally transferred. The Thai government wants the IJVs to be long-term because technology is changing very fast and it is the government's initiative to keep learning from latest technological research and development. Further,

it will also create long-term employment opportunities for local people; local workers' skills can be updated in line with latest industrial needs. These types of initiatives are good for economic development and stability.

In conclusion, regarding the fifth hypothesis (H5) and based on the fifth objective in this study. This study concludes that cultural distance has not a moderate impact on the relationship between knowledge transfer and IJV firms' performance in Thailanddo.

#### **5.4 Implications**

A number of theoretical and practical contributions have emerged from the present study. These contributions are discussed below based on the findings of the study.

##### **5.4.1 Theoretical Implications**

The purpose of this study is to explore the factors that influence IJV firms' performance in Thailand, such as absorptive capacity of local partners, capacity to transfer of the foreign partners, training, knowledge transfer and cultural distance. The study looked into these areas and analyzed if there is any effect on the relationship between knowledge transfer and IJV firms' performance in Thailand. The finding provides better understanding of the RBV theory, knowledge-based view theory and organizational learning theory in this particular situation to meet the competitive advantage of IJV firms.

The findings of this study have extended the findings of other previous studies and thus, have contributed new information adding to the body of knowledge transfer on IJV firms' performance.

Firstly, this study narrows the gaps in literature regarding the relationship between knowledge transfer and IJV firms' performance in Thailand. As discussed in chapters one and two, there are inconsistencies in the findings in previous studies (Dhanaraj *et al.*, 2004; Li *et al.*, 2009; Syed-Lkhsan & Rowland, 2004). Moreover, these researchers reveals the moderating role of cultural distance which has minimal effect on that relationship. This study supports the theoretical work and the central ideas of IJVs concerning the learning organization (Kogut, 1988; Lyles, 1988; Hamel, 1991, Inkpen, 1995, 2001; Nit, 2004). The finding illustrates the phenomenon of the transfer of knowledge from foreign partners to Thai local partners in Thailand.

Secondly, the research provides support for RBV of the firm that defines knowledge as a strategic asset and one that is rare, valuable, imperfectly imitable and non-substitutable; the RBV places organizational knowledge in a pre-eminent position as a principal source of competitive advantage (Barney, 1991). The RBV theory, is a business management tool used to determine that strategic resources available to a company. It stems from the principle that the source of the firm' s competitive advantage lies in their internal resources, as opposed to their positioning in the external environment. (Barney, 1995). In other words, a firm's RBV predicts that certain types of resources owned and controlled by a firm have the potential and promise to generate competitive advantage and eventually superior firm performance (Ainuddin *et al.*, 2007). The fundamental principle of the RBV is that the basis of competitive advantage of a firm lies primarily in the application of valuable resources at the firm's disposal (Wernerfelt, 1984). The conclusion of this study is that knowledge transfer is positively related to IJV firms' performance; hence, it confirms that resources of the firm, namely, knowledge can create high performance in IJVs and ensure competitive advantage.

These research findings are also consistent with the knowledge-based view. The knowledge-based perspective of a firm directly relates to competitive advantage and sustainability because the more a firm already knows, the more it can learn (Zack, 1999). Therefore, knowledge is an important resource to build sustainable competitive advantage. Further, in the strategic management literature, knowledge is emerging as the most strategically significant resources of a firm. Given this view, an important question is how firms augment their range of knowledge-based resources in a changing competitive environment. Specifically, how do firms transfer and acquire new knowledge from outside their boundaries? The results of this study show that foreign partners have superior knowledge to transfer to the Thai partner's and this significantly influences the Thai partner knowledge base.

Thirdly, with respect to IJV and organizational learning process, it is clear that the crucial of the process, transferring knowledge are working rapidly and effectively lead to successful in IJVs. The findings show the effective of knowledge transfer depend on the capacity to transfer and willingness to transfer knowledge through training, meetings, and documents, all contribute to the knowledge transfer mechanism, and this enhances the capacity to learn and intent to learn. The IJV business model between foreign partners and Thai local partners has made it possible to advance knowledge and skills among the local partners.

The relationship between learning organization and firm performance is a crucial aspect in daily business routines. Organizations from every region are learning to work progressively in order to survive with the current business developments and continual changes. This progressive attitude will lead these businesses toward achieving a much better performance. According to Howton, Ellinger, Ellinger and Yang (2002), state

that learning organizations and the performance of firms have a positive relationship. This means that learning is important for the organization to ensure a better performance. However, there is still less attention being given to the relationship between firm performance and learning organizations (Koupahi, Fakhri, & Ghanimat, 2013).

#### **5.4.2 Practical Implications**

The study's findings are significant for many reasons. It has several implications for a firm or company to improve knowledge transfer from foreign partners to local partners in IJVs. Firms which lead the way to improvement in their business performance will progress towards competitive advantage in business. This findings suggest that top managers of IJVs need to shift their mindsets on organizational capabilities. IJVs need to realize that, though transferring and applying the resources and capabilities from parent firms are important, these alone will be insufficient in ever changing competitive environments.

According to Ahmad (2006), it is essential to build a knowledgeable, supportive and productive work force. Moreover, this study recognizes that cultural distance does not play a significant moderating role on knowledge transfer. Cultural distance is not an important practical implication for IJV firms' performance in this study. Other implications are summarized as follows:

According to Geppert and Clark (2003), suggest that knowledge transfer is moderated and mediated by local ideas. Therefore, managers should understand the core concept of culture and its implications on transfer management issues overseas or in IJVs in order to avoid misunderstandings that may affect cooperative knowledge transfer. Companies which want to successfully develop a global business strategy must ensure



quality knowledge transfer. IJV firms need to develop their knowledge transfer strategies with inclusion of the cultural context in their knowledge transfer processes.

The findings of this study provide valuable knowledge to IJV firms which have local and foreigner managers working for them. It guides these firms to understand the significance and importance of knowledge transfer in order to perform well and help the top managers to develop strategies for elevating their business performance. For managers who are not aware of joint ventures firms, by joining a joint venture firm, they may find their knowledge base increases and they have increased successes in the future. Being knowledgeable on IJVs effectiveness can add value to their decisions and knowledge.

It is common knowledge that when forming an IJV in Thailand, most of the foreign partners are from Asian countries such as, Japan Malaysia, China and Singapore. This indicates that there is no cultural distance between local and foreign partners and proves that cultural distance is not the main issue. Cultural distance has little effect on knowledge transfer and IJV firms' performance in Thailand.

These implications should help the manager of IJV firms in Thailand to improve their business performance. Based on the results, this study also provides some useful implications for IJV firms which intend to establish IJVs in foreign markets

#### **5.4.3 Policy Implications**

As for the Thai government, these results emphasize that the skills and knowledge-base of foreign partners and their contributions are a very necessary and important sources of knowledge accumulation. Thus, the Thai government should pay attention to FDI policy that encourages foreign partners to transfer their knowledge to Thai IJV firms. The Thai government should have a policy on foreign partnerships for the

purpose of transferring knowledge. For example, the Thai government should organize effective promotions to encourage the setting up of IJVs in Thailand, sponsor seminars on the importance of acquiring new skills, new strategies, better management methods, etc. The government should set up the consultancy center which including the registration center to ensure that local and foreign partners receive the appropriate information. The Thai government should promote and encourage IJV firms by implementing the following policy measures:

This current research makes contributions to the body of knowledge. Firstly, hold seminars for IJV firms on how to work together to achieve competitive advantage and long run. Secondly, provide avenues for conferences, conventions, and seminars for the dissemination of information, research results and potential contributions and improve Thai IJV firms' knowledge and practices. The last recommendation is to conduct training to enhance administrative policy and gain greater local experience to augment and educate Thai firms regarding the increased efficiency of these methods.

The first topic of concern is the specific context of transfer of knowledge phenomenon. There is a compilation of empirical research on host country learning. This study is an important addition to the literature and contributes to establishing a solid foundation in this area of research. This is the first in-depth empirical research to study knowledge transfer consisting of managerial, marketing, human resource management and business strategies in IJV firms in Thailand. The findings from previous studies on IJV firms confirm that knowledge has been transferred from foreign partners to local partners.

The second contribution of this study is with the antecedent variables of the transfer of knowledge is called knowledge transfer. There has not been a research work

completed on the process of transfer of knowledge and particular in terms of the knowledge transfer within IJV firms' performance in Thailand. Previous researches have concentrated on technology and marketing in Thailand or some parts of Thailand.

The third contribution is study fills the gap of IJV firms' performance in Thailand. This research has found that managers can solve problems by knowledge transfer between local partner, foreign partner and knowledge transfer mechanism. These are the factors that can improve the performance and effectiveness of IJV firms in Thailand.

The fourth contribution is for the Thai government encourage FDI through the transfer of advanced knowledge and skills from foreign partners. The results from this study emphasize that IJVs are an important source of knowledge. This is consistent with the findings of several previous studies in other countries (e.g. Lyles & Salk, 1996; Wang, 2001).

### **5.5 Limitations of this Study**

This study has many limitations which include population and sample size. Firstly, the data in the list from the Thailand BOI is not updated data. The actual population was 476 firms as shown in the BOI record. Some firms were inactive or cancelled their operations after joining firms in Thailand. Secondly, many of the firms have been operating than two to three joint ventures with foreign firms but only one person was responsible for answering the questionnaire in all the joint venture firms selected. The third limitation concerns sample size issues. The sample size for this study is limited due to time and financial constraints and the accessibility to these firms was difficult. Hence, low response rate is one of the limitations of this study which makes to use for data analysis.

## **5.6 Recommendation for Future Research**

This study has improved understanding of the factors that affect the process of transfer of knowledge in IJV firms in Thailand. Further empirical research will support this effort. Further studies can enrich the model by including other relevant factors since the IJV literature has highlighted the instability of IJVs in developing countries, future studies could be directed to empirically examine the relationships between IJV firms' performance and learning outcomes, stability of JV, and equity ownership. This variable has been found to have important impact on the performance of IJVs (Yan & Gray, 1994). It has also been argued to be a crucial factor affecting learning and knowledge transfer in IJVs. Future research should examine the firm's demographics to observe the effect of cultural difference on the firm's value while operating their IJV firms in Thailand or with other relevant variables such as R&D. More qualitative research is needed to develop a better and deeper understanding of the management of IJVs. Finally, given the linear relationship between foreign partner's ability to transfer and IJV knowledge transfer, future studies could investigate further the effects of several established moderating variables such as organizational culture, prior JV experience, and learning capacity on the relationship.

## **5.7 Conclusion**

The main purpose of this study is to examine the factor that determine the performance of IJV firms in Thailand. As stated in the first chapter, five research objectives were established for this study and five research questions were set to be answered. As discussed in chapter five, these objectives have been achieved and the five research questions have been answered.

This study examines the impact of knowledge transfer, local partner's characteristics (intent to learn, capacity to learn and experience), foreign partner's characteristics (capacity to transfer and willingness to transfer), and knowledge transfer mechanism on IJV firms' performance in Thailand. It also aims to investigate how cultural distance moderates the impact of the relationship between transfer of knowledge and IJV firms' performance. The investigation is based mostly on resource-based view of firm theory. This research employs quantitative method by using questionnaire survey data. Questionnaires were distributed to 476 IJV firms and 160 of the IJV firms responded to the survey, which gave a 33.61 percent response rate. Data were analyzed using Statistical Package for Social Science (SPSS version 21).

The results show knowledge transfer has a positive significant effect on IJV firms' performance and all antecedent variables are positive significant with the knowledge transfer. However, the moderating effect of cultural distance on the relationship between knowledge transfer and IJV firms' performance is not significant. This study has found that to achieve better performance in IJV firms is a great challenge to managers and successful transfer of knowledge is vital to IJV firms in Thailand. The present study also highlighted implications of the study, future research work as well as study limitations.

One of the main reasons that firms participate in IJV is to learn know-how and capabilities from their IJV partners. The partners strive to learn or internalize critical information or capabilities from each other, constitute an important class of such IJV firms. IJVs are transforming company structures and relationships among different cultures and focus on sharing knowledge between organizations to improve the

effectiveness of IJV firms and to achieve competitive advantage in IJV firms all over the world.

The finding of the study reveals that the conceptual model, developed from the relevant exiting literature, is in line with the theories and empirical data. Consequently, it could be concluded that the findings of this study justify the underpinning theories employed.



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## APPENDIX A



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# SURVEY QUESTIONNAIRE

The moderating effect of cultural distance of knowledge transfer in international joint venture firms' performance in Thailand

Thank you for participating in this study.

Knowledge transfer between foreign and local partner in a joint venture is one of the key factors in determining business performance of joint ventures in Thailand. This questionnaire is designed to examine the characteristics of both local and foreign partners, knowledge transfer, and effect of cultural distance between partners to the success of IJV firm performance in Thailand.

Thus, I would like to seek your cooperation in answering this questionnaire. The information you provide will fulfill each research objective of this study so as to ensure the success of this research. I truly need and value your cooperation.

Your response will be kept strictly confidential. Your responses will be used in aggregate form with other responses. At no time will your responses or your name be identified in any report.

Yours faithfully,

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เรื่อง ขอความร่วมมือในการตอบแบบสอบถาม

เรียน กรรมการผู้จัดการ ผู้จัดการฝ่ายบุคคล/หรือผู้ที่มีส่วนเกี่ยวข้อง

การถ่ายทอดความรู้จากบริษัทต่างชาติเข้าสู่กิจการร่วมทุน เป็นตัวแปรสำคัญในการกำหนดประสิทธิภาพการทำงาน โดยรวมของกิจการร่วมทุนระหว่างประเทศ

ด้วยดิฉัน นางสาวบุปผชาติ แต่งเกลี้ยง นักศึกษาปริญญาเอก คณะบริหารธุรกิจ ภาควิชาการจัดการ University Utara Malaysia ขณะนี้ดิฉัน กำลังทำวิทยานิพนธ์ในหัวเรื่องที่ปรากฏอยู่ข้างต้น โดยมีอาจารย์ที่ปรึกษา ดุแลวิทยานิพนธ์ คือ

Dr.Mohd Sorbri Don @A. Wahab

Dr. Abdul Rahim B Othman

Department of Management School of Business University Utara Malaysia

การวิจัยนี้มีจุดประสงค์ เพื่อการบริหารกิจการร่วมทุนระหว่างประเทศในประเทศไทย ซึ่งการถ่ายทอดความรู้ในกิจการร่วมค้าระหว่างหุ้นส่วน ซึ่งเป็นปัจจัยประการหนึ่งที่สำคัญในการกำหนดผลการดำเนินงานที่ผ่านของกิจการร่วมทุนในประเทศไทย แบบสอบถามนี้ถูกออกแบบมาเพื่อตรวจสอบลักษณะของการเป็นหุ้นส่วนทั้งในประเทศและต่างประเทศและจากนั้นมุ่งเน้นการถ่ายทอดความรู้รวมถึงผลของความแตกต่างทางวัฒนธรรมระหว่างหุ้นส่วน ซึ่งจากปัจจัยข้างต้นเป็นปัจจัยที่นำไปสู่การประสบความสำเร็จในการปฏิบัติงานของบริษัทร่วมทุนในประเทศไทย

ในฐานะที่ท่านเป็นผู้บริหารที่มีความรู้ ความชำนาญและมีประสบการณ์ด้านการบริหารธุรกิจระหว่างประเทศ ความร่วมมือของท่านในการสละเวลาตอบแบบสอบถามนี้ จะส่งผลต่อความสำเร็จของจุดประสงค์ของงานวิจัยนี้เป็นอย่างยิ่ง ซึ่งเป็นงานวิจัยทางวิชาการที่ยังขาดแคลนอยู่มากในประเทศไทย

ดิฉันขอขอบคุณล่วงหน้าเป็นอย่างสูงต่อความร่วมมือในการตอบแบบสอบถามของท่านผู้บริหาร หรือท่านที่มีส่วนเกี่ยวข้อง ข้อมูลของท่านจะถูกเก็บไว้เป็นความลับ

ด้วยความเคารพอย่างสูง

นางสาวบุปผชาติ แต่งเกลี้ยง

นักศึกษาระดับปริญญาเอก คณะการจัดการธุรกิจ

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## SECTION A

### GENERAL INFORMATION ON THE JOINT VENTURE (ข้อมูลโดยทั่วไป)

- 1) Your position (ตำแหน่งงานของท่าน) .....
- 2) The year the joint venture firm established: (ระยะปีที่บริษัทของท่าน ได้จัดตั้งมา).....
- 3) Number of employees in this joint venture firm: (จำนวนพนักงานในบริษัทร่วมทุนของท่าน)   
 [ ] 1. Less than 50 [ ] 2. 50-200 [ ] 3. More than 200
- 4) The industry your IJV is in: (บริษัทร่วมทุนของท่านอยู่ในกลุ่มอุตสาหกรรมใด) Please check where applicable (สามารถเลือกได้มากกว่า 1 ประเภท)
- [ ] 1.Agriculture and agricultural products (การเกษตรกรรมและผลิตภัณฑ์ทางการเกษตร)
- [ ] 2.Mining, Ceramics and basic metals (เหมืองแร่, เซรามิก และ โลหะขั้นมูลฐาน)
- [ ] 3.Light industry (jewelry, sport equipment of parts, garments and textile product, etc.) (เครื่องประดับ เครื่องกีฬา เครื่องนุ่งห่ม และสิ่งทอ เป็นต้น )
- [ ] 4.Metal products, machinery and transport equipment (ผลิตภัณฑ์โลหะ เครื่องจักร และอุปกรณ์ขนส่ง)
- [ ] 5.Electronic industry and electrical appliances (อิเล็กทรอนิกส์และเครื่องใช้ไฟฟ้า)
- [ ] 6.Chemical, paper and plastic (เคมีภัณฑ์ กระดาษ และพลาสติก)
- [ ] 7.Services and public utilities (บริการและสาธารณูปโภค)
- [ ] 8.Other (Please specify).....

(ด้านอื่นๆ โปรดระบุ)

- 5) What are the motives for establishing this joint venture firm? Please select all applicable and rank important from 1 = most highest important to 11 = lowest important (ท่านคิดว่าสิ่งใดเป็นแรงจูงใจของท่านในการจัดตั้งบริษัทร่วมทุน โปรดเลือกเลือกปัจจัยที่เป็นแรงจูง และโปรดระบุความสำคัญของปัจจัย โดยกำหนดให้ 1 = เป็นสิ่งที่มีความสำคัญสูงสุด จนถึง 11 = เป็นสิ่งที่มีความสำคัญน้อยที่สุด)

Rank

- [ ] 1.Better and wider market access (การเข้าสู่ตลาดดีขึ้นและกว้างขึ้น) -----
- [ ] 2.Faster market entry (ความรวดเร็วในการเข้าสู่ตลาด) -----
- [ ] 3.Reduce competition (ลดสภาวะการแข่งขัน) -----
- [ ] 4.Provide a fast, effective and efficient learning (การเรียนรู้สามารถทำได้เร็วขึ้น และมีประสิทธิภาพและประสิทธิผล) -----
- [ ] 5.Reduce costs (ลดต้นทุน) -----
- [ ] 6.Share of R&D (แบ่งปันของมูลด้านการวิจัยและพัฒนา) -----
- [ ] 7.Reduce costs of production or marketing (ลดต้นทุนการผลิตและการตลาด) -----
- [ ] 8.Realize economies of scale and / or scope (ตระหนักถึงการประหยัดจากขนาดหรือระบบ) -----
- [ ] 9.Reduce risk (ลดความเสี่ยง) -----
- [ ] 10.Local government regulation (กฎระเบียบจากรัฐบาลในประเทศไทย) -----
- [ ] 11.Others, please specify (อื่น ๆ โปรดระบุ) ..... -----

- 6) Number of expatriates in management (จำนวนของผู้บริหารชาวต่างชาติ)
- [ ] 1. None (ไม่มี) [ ] 2. 1-2 [ ] 3. 3-4 [ ] 4. 5-6 [ ] 5. More than 6 (มากกว่า 6 คน)
- 7) Your Gender [ ] 1. Male (ชาย) [ ] 2. Female (หญิง)
- 8) Your age
- [ ] 1. Less than 30 (น้อยกว่า 30) [ ] 2. 30-40 [ ] 3. 41-50 [ ] 4. 51-60  
[ ] 5. More than 60 (มากกว่า 60)
- 9) How long you have been working with this firm (ระยะเวลาการทำงานของท่านในบริษัทร่วมทุน)
- [ ] 1. Less than 3 Years [ ] 2. 4-7 Years [ ] 3. 8-10 Years  
[ ] 4. More than 10
- What is your nationality (ท่านถือสัญชาติอะไร) .....
- 10) Country of your Joint Venture partner(s) (หุ้นส่วนบริษัทที่ท่านร่วมทุนคือประเทศ)
- .....
- 11) Your company ownership or participation in Joint Venture (สัดส่วนการถือหุ้นฝ่ายของคุณ)
- [ ] Less than 20 (น้อยกว่า 20%) [ ] 20-49.99% [ ] 50-80%  
[ ] More than 80% (มากกว่า 80%)



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## SECTION B

### LOCAL PARTNER'S CHARACTERISTICS (คุณลักษณะของผู้ร่วมทุนไทย)

Please indicate the extent of your agreement or disagreement to the level of absorptive capacity and intent to learn of local partner by circling the number in the appropriated column. (กรุณาแสดงความคิดเห็นต่อระดับความเห็นด้วยหรือไม่เห็นด้วยในความสามารถและความตั้งใจในการเรียนรู้ของผู้ร่วมทุนไทย

โปรดวงกลมในหมายเลขที่กำหนดให้ โดย 1 = Strongly disagree (ไม่เห็นด้วยอย่างยิ่ง) ถึง 5 = Strongly agree (เห็นด้วยอย่างยิ่ง)

| No.<br>(ข้อ) | Items<br>(เนื้อหา/รายละเอียด)   | 1<br>Strongly disagree<br>(ไม่เห็นด้วย<br>อย่างยิ่ง) | 2<br>Disagree<br>(ไม่เห็นด้วย<br>มาก) | 3<br>Neither Agree<br>nor<br>Disagree<br>(ปานกลาง) | 4<br>Agree<br>(เห็นด้วย<br>มาก) | 5<br>Strongly agree<br>(เห็นด้วย<br>เป็น<br>อย่างยิ่ง) |
|--------------|---|--|---------------------------------------|--|---------------------------------|--|
|              | <b>The Thai partner;</b><br>(บริษัทร่วมทุนไทย)  |  |                                       |  |                                 |  |
| 13           | is creative (มีความคิดสร้างสรรค์)   | 1  | 2                                     | 3  | 4                               | 5  |
| 14           | meet the foreign partner's requirements<br>(สอดคล้องกับความต้องการของผู้ร่วมทุนต่างชาติ)                              | 1  | 2                                     | 3  | 4                               | 5  |
| 15           | is flexible and continuously adapting to change<br>(มีความยืดหยุ่นและสามารถปรับตัวต่อการเปลี่ยนแปลงได้อย่างต่อเนื่อง) | 1  | 2                                     | 3  | 4                               | 5  |
| 16           | is familiar with new knowledge<br>(มีความคุ้นเคยกับความรู้ต่าง ๆ)   | 1  | 2                                     | 3  | 4                               | 5  |
| 17           | is willing to accept new work concept and value<br>(มีความตั้งใจที่จะรับความคิด/ข้อคิดเห็นหรือค่านิยมในการทำงานใหม่ๆ) | 1  | 2                                     | 3  | 4                               | 5  |
| 18           | is eager to acquire new knowledge<br>(มีความกระตือรือร้นที่จะได้รับความรู้ใหม่ๆ)                                      | 1  | 2                                     | 3  | 4                               | 5  |
| 19           | has prior work experience in new knowledge<br>(เคยมีประสบการณ์การในการได้รับความรู้ใหม่)                              | 1  | 2                                     | 3  | 4                               | 5  |
| 20           | has prior work experience with foreign companies<br>(มีประสบการณ์การทำงานกับชาวต่างชาติมาก่อน)                        | 1  | 2                                     | 3  | 4                               | 5  |



|    |   |   |   |   |   |   |                          |
|----|---|---|---|---|---|---|--------------------------|
| 21 | has prior knowledge in similar industry<br>(มีความรู้ในงานที่คล้ายคลึงกันมาก่อน)  | 1 | 2 | 3 | 4 | 5 | <input type="checkbox"/> |
| 22 | encounters communication problems with foreign managers because of language difference<br>( มีปัญหาในการติดต่อสื่อสารกับผู้ร่วมทุนต่างชาติเพราะภาษาต่างกัน) | 1 | 2 | 3 | 4 | 5 | <input type="checkbox"/> |



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## SECTION C

### FOREIGN PARTNER'S CHARACTERISTICS (คุณลักษณะของผู้ร่วมทุนต่างชาติ)

Please indicate the extent of your agreement or disagreement to foreign partner transfer capacity and willingness to transfer by circling the number in the appropriated column. (กรุณาแสดงความคิดเห็นต่อระดับความสามารถและความเต็มใจในการถ่ายทอดความรู้ของผู้ร่วมทุนต่างชาติ ตลอดจนความสัมพันธ์ระหว่างผู้ร่วมทุนไทย-ต่างชาติ โปรดวงกลมในหมายเลขที่กำหนดให้ โดย 1 = Strongly disagree (ไม่เห็นด้วยอย่างยิ่ง) ถึง 5 = Strongly agree (เห็นด้วยอย่างยิ่ง)

| No.<br>(ข้อ) | Items<br>(เนื้อหา / รายละเอียด)   | 1<br>Strongly disagree<br>(ไม่เห็นด้วยอย่างยิ่ง) | 2<br>Disagree<br>(ไม่เห็นด้วยมาก) | 3<br>Neither Agree nor Disagree<br>(ปานกลาง) | 4<br>Agree<br>(เห็นด้วยมาก) | 5<br>Strongly agree<br>(เห็นด้วยเป็นอย่างยิ่ง) |                          |
|--------------|---|--|-----------------------------------|--|-----------------------------|--|--------------------------|
|              | <b>The foreign partner:</b><br>(ผู้จัดการ/หัวหน้างานชาวต่างชาติในบริษัทร่วมทุน)   |  |                                   |  |                             |  |                          |
| 23           | possesses excellent management skills for knowledge transfer<br>(มีทักษะการจัดการที่ดีของการถ่ายทอดความรู้)                     | 1  | 2                                 | 3  | 4                           | 5  | <input type="checkbox"/> |
| 24           | unreservedly transfer their know-how to Thai firms<br>(มีการถ่ายทอดความรู้โดยตรงไปตรงมา)  | 1  | 2                                 | 3  | 4                           | 5  | <input type="checkbox"/> |
| 25           | delegates important tasks to Thai firms<br>(สามารถมอบหมายงานที่สำคัญให้กับผู้จัดการชาวไทยได้)                                   | 1  | 2                                 | 3  | 4                           | 5  | <input type="checkbox"/> |
| 26           | is skilful in transferring knowledge<br>(มีทักษะในการถ่ายทอดความรู้)  | 1  | 2                                 | 3  | 4                           | 5  | <input type="checkbox"/> |
| 27           | maintains frequent communication with Thai firms<br>(มีการติดต่อสื่อสารกับผู้จัดการชาวไทยอย่างสม่ำเสมอ)                         | 1  | 2                                 | 3  | 4                           | 5  | <input type="checkbox"/> |
| 28           | is confident that their counterparts will honor their promises<br>(มีความมั่นใจในการให้เกียรติและรักษาสัญญาระหว่างผู้ร่วมลงทุน) | 1  | 2                                 | 3  | 4                           | 5  | <input type="checkbox"/> |

|    |  |   |   |   |   |   |                          |
|----|--|---|---|---|---|---|--------------------------|
| 29 | is willing to share information with each other (มีความเต็มใจในการแบ่งปันข้อมูลระหว่างกัน) | 1 | 2 | 3 | 4 | 5 | <input type="checkbox"/> |
| 30 | is not protective of management know-how (ไม่ปกป้องหรือปิดบังความรู้ด้านการจัดการ)         | 1 | 2 | 3 | 4 | 5 | <input type="checkbox"/> |

## SECTION D

### The TRANSFER MECHANISM (กลไกการถ่ายทอดความรู้)

Please indicate the extent of your agreement or disagreement in the processes on knowledge transfer mechanism between partners in your IJV firm by circling the number in the appropriated column. (กรุณาแสดงความคิดเห็นต่อระดับกระบวนการถ่ายทอดความรู้และการปฏิบัติที่กระทำภายในบริษัทร่วมทุน โปรดวงกลมในหมายเลขที่กำหนดให้ โดย 1 = Never (ไม่เคย) ถึง 5 = Very often (บ่อยมาก)

| No.<br>(ข้อ) | Items<br>รายละเอียด/เนื้อหา   | 1<br>Never<br>(ไม่เคย) | 2<br>Seldom<br>(ไม่ค่อยจะ) | 3<br>Sometime<br>(บางครั้ง) | 4<br>Often<br>(บ่อย) | 5<br>Very often<br>(บ่อยมาก) |                          |
|--------------|---|------------------------|----------------------------|-----------------------------|----------------------|------------------------------|--------------------------|
|              | <b>The process of mechanism in knowledge transfer is done through:</b><br>(การถ่ายทอดความรู้กระทำโดย)   |                        |                            |                             |                      |                              |                          |
| 31           | training / on the job training<br>(การฝึกอบรม/การสอนงานแบบให้ปฏิบัติ และเรียนรู้จริง) (การฝึกอบรม/การสอนงานแบบให้ปฏิบัติ และเรียนรู้จริง)           | 1                      | 2                          | 3                           | 4                    | 5                            | <input type="checkbox"/> |
| 32           | written rules, procedures and work instruction (e.g. task oriented, marketing instructions)<br>(การมีคู่มือในการปฏิบัติงานให้ในการศึกษา และปฏิบัติ) | 1                      | 2                          | 3                           | 4                    | 5                            | <input type="checkbox"/> |
| 33           | visits outside Thailand home country for Thai managers<br>(การเยี่ยมชม หรือศึกษาดูงานในต่างประเทศ)  | 1                      | 2                          | 3                           | 4                    | 5                            | <input type="checkbox"/> |
| 34           | meetings and briefings  | 1                      | 2                          | 3                           | 4                    | 5                            | <input type="checkbox"/> |

|    |   |   |   |   |   |   |
|----|---|---|---|---|---|---|
|    | (การประชุมหรือการกล่าวสรุปโดยย่อ)   |   |   |   |   |   |
| 35 | report on performance and feedback<br>(การรายงานผลการปฏิบัติงาน)                                  | 1 | 2 | 3 | 4 | 5 |
| 36 | telephone, computer and fax communications<br>(การติดต่อสื่อสารทางโทรศัพท์ คอมพิวเตอร์ และ แฟกซ์) | 1 | 2 | 3 | 4 | 5 |

### SECTION E

#### TYPES OF KNOWLEDGE TRANSFER (การถ่ายทอดความรู้)

Please indicate the extent of your agreement or disagreement with types of knowledge transfer in IJV firms from your partner by circling the number in the appropriated column.

(กรุณาแสดงความคิดเห็นต่อระดับของการถ่ายทอดความรู้ทางในกิจการร่วมทุน โปรดวงกลมในหมายเลขที่กำหนดให้ โดย 1 = Never (ไม่เคย) ถึง (5 = Very often (บ่อยมาก))

| No.<br>(ข้อ) | Items<br>(เนื้อหา/รายละเอียด)   | 1<br>Never<br>(ไม่เคย) | 2<br>Seldom<br>(ไม่ค่อยจะ) | 3<br>Sometime<br>(บางครั้ง) | 4<br>Often<br>(บ่อย) | 5<br>Very often<br>(บ่อยมาก) |
|--------------|---|------------------------|----------------------------|-----------------------------|----------------------|------------------------------|
| 37           | Your firm has acquired knowledge in managerial skills from partner (บริษัทของคุณมีการแสวงหาทักษะความรู้ในการบริหารงานจากบริษัทพันธมิตร)                     | 1                      | 2                          | 3                           | 4                    | 5                            |
| 38           | Your firm has acquired knowledge in marketing / sales skill from partner (บริษัทของคุณมีการแสวงหาทักษะความรู้ทางการตลาดและการขายจากบริษัทพันธมิตร)          | 1                      | 2                          | 3                           | 4                    | 5                            |
| 39           | Your firm has acquired knowledge in human resource management skill from partner (บริษัทของคุณมีการแสวงหาทักษะความรู้ในด้านทรัพยากรมนุษย์จากบริษัทพันธมิตร) | 1                      | 2                          | 3                           | 4                    | 5                            |
| 40           | Your firm has acquired knowledge in business strategic thinking and techniques from partner   | 1                      | 2                          | 3                           | 4                    | 5                            |

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
|  | (บริษัทของคุณมีการแสวงหาความรู้ในการคิดเชิงกลยุทธ์ทางธุรกิจและเทคนิคจากบริษัทพันธมิตร) |  |  |  |  |  |
|--|--|--|--|--|--|--|

**SECTION F**

**CULTURAL DISTANCE** (ความแตกต่างด้านวัฒนธรรม)

To what extent of your agreement or disagreement with the following in statement on **cultural distance** between your country and your partner country. Please circle the number in the appropriated column. (ท่านเห็นด้วยหรือไม่เห็นด้วยกับข้อความต่อไปนี้ในเรื่องความแตกต่างทางวัฒนธรรมภายในบริษัทร่วมทุน โปรดวงกลมในหมายเลขที่กำหนดให้ โดย 1 = Strongly disagree (ไม่เห็นด้วยอย่างยิ่ง) ถึง 5 = Strongly agree (เห็นด้วยอย่างยิ่ง)

| No.<br>(ข้อ) | Items<br>(เนื้อหา / รายละเอียด)   | 1<br>Strongly disagree<br>(ไม่เห็นด้วยอย่างยิ่ง) | 2<br>Disagree<br>(ไม่เห็นด้วยมาก) | 3<br>Neither Agree nor Disagree<br>(ปานกลาง) | 4<br>Agree<br>(เห็นด้วยมาก) | 5<br>Strongly agree<br>(เห็นด้วยเป็นอย่างมาก) |                          |
|--------------|---|--|-----------------------------------|--|-----------------------------|---|--------------------------|
| 41           | Partner's national culture greatly differs<br>(วัฒนธรรมระหว่างพันธมิตรมีความแตกต่างเป็นอย่างมาก)  | 1  | 2                                 | 3  | 4                           | 5   | <input type="checkbox"/> |
| 42           | National cultural differences between partner can be more problematic in international joint ventures where both partners participate in management (ความแตกต่างทางวัฒนธรรมของบริษัทและบริษัทร่วมทุนอาจเป็นปัญหาในการทำธุรกิจร่วมกันเนื่องจากวิธีการบริหารที่ต่างกัน) | 1  | 2                                 | 3  | 4                           | 5   | <input type="checkbox"/> |
| 43           | Some national cultural differences are not desirable because they negatively influence the international joint venture's performance (ไม่มีความชื่นชอบในความแตกต่างทางวัฒนธรรมในบางส่วนเพราะทำให้มีอิทธิพลในทางลบต่อประสิทธิภาพการร่วมลงทุน)                          | 1  | 2                                 | 3  | 4                           | 5   | <input type="checkbox"/> |
| 44           | If national cultural differences are extreme, they may lead to  | 1  | 2                                 | 3  | 4                           | 5   | <input type="checkbox"/> |

|    |   |   |   |   |   |   |
|----|---|---|---|---|---|---|
|    | the international joint venture's failure. (ถ้าความแตกต่างทางวัฒนธรรมเป็นเรื่องสูงสุดสิ่งนี้อาจนำไปสู่ความล้มเหลวของบริษัทร่วมทุน)  |   |   |   |   |   |
| 45 | National cultural differences are more critical in industries where human capital is more important (e.g. consulting or service industries as opposed to, manufacturing)<br><br>(ความแตกต่างทางวัฒนธรรมแห่งชาติมีความสำคัญมากขึ้นในอุตสาหกรรมที่ทุนมนุษย์ที่มีความสำคัญมากขึ้น เช่น การให้คำปรึกษา หรือ กลุ่มงานบริหาร เมื่อเปรียบเทียบกับบริษัทกลุ่มผู้ผลิต) | 1 | 2 | 3 | 4 | 5 |



## SECTION G

### THE FIRM'S PERFORMANCE OF THE JOINT VENTURE

The firms' performance of the joint venture refers to the joint venture's business performance for the last two years in comparison to competitors and based on the manager. Please circle the number in the appropriated column. ท่านผู้บริหาร โปรดแสดงความคิดเห็นในด้านผลประกอบการที่เกิดขึ้นในกิจการร่วมทุนของท่าน ซึ่งมีการเปรียบเทียบผลประกอบการของท่านกับบริษัทคู่แข่ง และเปรียบเทียบผลการประกอบการของท่านกับผลประกอบการที่ตั้งเป้าหมายเอาไว้ และบริษัทร่วมทุนควรมีการดำเนินงานอย่างน้อย 2 ปี โปรดวงกลมในหมายเลขที่กำหนดให้ โดย 1 = very poor (แย่มาก) ถึง 5 = very good (ดีมาก)

**In comparison to your competitors**, please evaluate the joint venture's performance for the past 2 years in term of the following criteria. (โปรดประเมินผลประกอบการของบริษัทร่วมทุนของท่านเปรียบเทียบกับผลการดำเนินงานกับบริษัทคู่แข่งของท่าน)

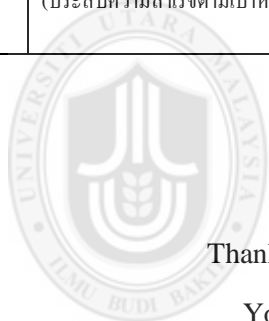
| No.   | Items                                | 1                       | 2            | 3                     | 4            | 5                      |
|-------|--------------------------------------|-------------------------|--------------|-----------------------|--------------|------------------------|
| (ข้อ) | (ข้อความ / เนื้อหา)                  | Very Poor<br>(แย่มาก ๆ) | Poor<br>(แย) | Moderate<br>(ปานกลาง) | Good<br>(ดี) | Very good<br>(ดีมาก ๆ) |
| 46    | Business Volume (การเติบโตทางธุรกิจ) | 1                       | 2            | 3                     | 4            | 5                      |
| 47    | Market share (ส่วนแบ่งทางการตลาด)    | 1                       | 2            | 3                     | 4            | 5                      |
| 48    | Profit (กำไร)                        | 1                       | 2            | 3                     | 4            | 5                      |



**In comparison to your expectations**, please evaluate the joint venture's performance for the past 2 years in term of the following criteria. (โปรดประเมินผลประกอบการของบริษัทร่วมทุนของท่านเปรียบเทียบกับผลประกอบการที่ท่านคาดหวังไว้)

| No.<br>(ข้อ) | Items<br>(ข้อความ / เนื้อหา)  | 1<br>Very Poor<br>(แย่มากๆ) | 2<br>Poor<br>(แย่) | 3<br>Moderate<br>(ปานกลาง) | 4<br>Good<br>(ดี) | 5<br>Very good<br>(ดีมาก ๆ) |
|--------------|---|-----------------------------|--------------------|----------------------------|-------------------|-----------------------------|
| 49           | Business Volume (การเติบโตทางธุรกิจ)                                  | 1                           | 2                  | 3                          | 4                 | 5                           |
| 50           | Market share (ส่วนแบ่งทางการตลาด)                                     | 1                           | 2                  | 3                          | 4                 | 5                           |
| 51           | Profits (กำไร)  | 1                           | 2                  | 3                          | 4                 | 5                           |
| 52           | Achievement of planned goals<br>(ประสบความสำเร็จตามเป้าหมายที่วางไว้) | 1                           | 2                  | 3                          | 4                 | 5                           |



Thank you again for completing this questionnaire

Your contribution to this greatly appreciated

Buppachat Taengkliang Tel: 081-8918574

Email: [airnaja21@hotmail.com](mailto:airnaja21@hotmail.com)

## APPENDIX B



Universiti Utara Malaysia

### Follow-up Letter (1)

Miss Buppachat Taengkliang

11 Thungsong-surat Rd, T. Pakprek

A. Thungsong, Nakhonsithummarat. 80110

Tel: 081-8918574, Fax: 075-412082

Email: [airnaja21@hotmail.com](mailto:airnaja21@hotmail.com)

10 July 2013

Re: Requesting cooperation to answer the questionnaire

Dear Sir/Madam

The undersign is Buppachat Taengkliang a Thai Ph.D. student from Department of Management School of Business University Utara Malaysia. I am requesting assistance regarding my questionnaire on the moderating effect of cultural distance on knowledge transfer in international joint venture firm performance in Thailand, the questionnaire was sent out four weeks ago to your company.

I would be very grateful if you could complete the items on the questionnaire and return it as soon as possible. If you do not receive the questionnaire or it has been misplace, please call or communicate with me by e-mail and I will forward another copy to you as soon as possible. **If you have already returned your questionnaire, kindly discard this letter.**

Your firm was selected as one of the respondents from the Thailand Board of Investment Directory (BOI 2012). I wish to repeat to my promise of confidentiality from the result of the study.

A summary of the research result is providing to the participants who would like to receive a copy of it, please enclose your name card in the provided envelope.

Thank you very much for your consideration and assistance

Yours Sincerely,

Ms. Buppachat Taengkliang  
Ph.D. Candidate



## APPENDIX C



Universiti Utara Malaysia

Follow-up Letter (2)

Miss Buppachat Taengkliang

11 Thungsong-surat Rd, T. Pakprek

A. Thungsong, Nakhonsithummarat. 80110

Tel: 081-8918574, Fax: 075-412082

Email: [airnaja21@hotmail.com](mailto:airnaja21@hotmail.com)

10 August 2013

Re: Requesting cooperation to answer the questionnaire

Dear Sir/Madam

The undersign is Buppachat Taengkliang a Thai Ph.D. student from Department of Management School of Business University Utara Malaysia. Approximately two months ago a set of questionnaire was sent to you seeking your participation in a study of the moderating effect of cultural distance on knowledge transfer in international joint venture firm performance in Thailand.

If you have already returned the questionnaire, please accept my sincere thank you and appreciation for your cooperation. If by some chance you did not receive the questionnaire or it has been misplace, please call me or e-mail, I will forward another copy to you as soon as possible.

This study is a major part of my doctoral program at the University Utara Malaysia (UUM). My study will not be completed without your help by returning the completed questionnaire. Again I cannot overemphasize the importance of your contribution to the success of this study. Your response is really vital to satisfactory completion of this study.

Thank you for your consideration and assistance

Yours Sincerely,

Ms. Buppachat Taengkliang  
Ph.D. Candidate

### Reliability Analysis of the Pilot study variables

| <b>Antecedent Variables</b>   | <b>Cronbach's Alpha</b> |
|-------------------------------|-------------------------|
| Capacity to learn             | 0.833                   |
| Intent to learn               | 0.799                   |
| Experience                    | 0.877                   |
| Local partner characteristics | 0.789                   |

| <b>Antecedent Variables</b>     | <b>Cronbach's Alpha</b> |
|---------------------------------|-------------------------|
| Capacity to transfer            | 0.833                   |
| Willingness to transfer         | 0.820                   |
| Foreign partner characteristics | 0.776                   |

| <b>Antecedent Variables</b>  | <b>Cronbach's Alpha</b> |
|------------------------------|-------------------------|
| Knowledge transfer mechanism | 0.883                   |

| <b>Independent Variables</b> | <b>Cronbach's Alpha</b> |
|------------------------------|-------------------------|
| Knowledge transfer           | 0.909                   |

| <b>Moderator Variables</b> | <b>Cronbach's Alpha</b> |
|----------------------------|-------------------------|
| Cultural distance          | 0.755                   |

| <b>Dependent Variables</b> | <b>Cronbach's Alpha</b> |
|----------------------------|-------------------------|
| IJV firm performance       | 0.750                   |

## APPENDIX D

### Descriptive Statistics for Demographic Variables

Position

| Position |           |         |               |                    |       |
|----------|-----------|---------|---------------|--------------------|-------|
|          | Frequency | Percent | Valid Percent | Cumulative Percent |       |
| Valid    | Executive | 6       | 3.8           | 3.8                | 3.8   |
|          | Director  | 69      | 43.1          | 43.1               | 46.9  |
|          | Manager   | 85      | 53.1          | 53.1               | 100.0 |
|          | Total     | 160     | 100.0         | 100.0              |       |

| Year of establishment |                    |         |               |                    |       |
|-----------------------|--------------------|---------|---------------|--------------------|-------|
|                       | Frequency          | Percent | Valid Percent | Cumulative Percent |       |
| Valid                 | less than 5 years  | 76      | 47.5          | 47.5               | 47.5  |
|                       | 5-10 Years         | 58      | 36.3          | 36.3               | 83.8  |
|                       | More than 10 Years | 26      | 16.3          | 16.3               | 100.0 |
|                       | Total              | 160     | 100.0         | 100.0              |       |

| Number of firm's employee |               |         |               |                    |       |
|---------------------------|---------------|---------|---------------|--------------------|-------|
|                           | Frequency     | Percent | Valid Percent | Cumulative Percent |       |
| Valid                     | less than 50  | 42      | 26.3          | 26.3               | 26.3  |
|                           | 50-200        | 73      | 45.6          | 45.6               | 71.9  |
|                           | More than 200 | 45      | 28.1          | 28.1               | 100.0 |
|                           | Total         | 160     | 100.0         | 100.0              |       |

| Agriculture and products |                 |         |               |                    |       |
|--------------------------|-----------------|---------|---------------|--------------------|-------|
|                          | Frequency       | Percent | Valid Percent | Cumulative Percent |       |
| Valid                    | Agriculture     | 24      | 15.0          | 15.0               | 15.0  |
|                          | Non Agriculture | 136     | 85.0          | 85.0               | 100.0 |
|                          | Total           | 160     | 100.0         | 100.0              |       |

**Minin Ceramic and basic metals**

|                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Ceramic           | 7         | 4.4     | 4.4           | 4.4                |
| Valid Non Ceramic | 153       | 95.6    | 95.6          | 100.0              |
| Total             | 160       | 100.0   | 100.0         |                    |

**Light industry**

|                          | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------------|-----------|---------|---------------|--------------------|
| Light industry           | 25        | 15.6    | 15.6          | 15.6               |
| Valid Non Light industry | 135       | 84.4    | 84.4          | 100.0              |
| Total                    | 160       | 100.0   | 100.0         |                    |

**Metal Machinery Transport equipment**

|   | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|-----------|---------|---------------|--------------------|
| Metal Machinery Transport equipment           | 35        | 21.9    | 21.9          | 21.9               |
| Valid Non Metal Machinery Transport equipment | 125       | 78.1    | 78.1          | 100.0              |
| Total   | 160       | 100.0   | 100.0         |                    |

**Electronic**

|                      | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Electronic           | 15        | 9.4     | 9.4           | 9.4                |
| Valid Non Electronic | 145       | 90.6    | 90.6          | 100.0              |
| Total                | 160       | 100.0   | 100.0         |                    |

**Chemical Paper Plastic**

|                                  | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------------------|-----------|---------|---------------|--------------------|
| Chemical Paper Plastic           | 25        | 15.6    | 15.6          | 15.6               |
| Valid Non Chemical Paper Plastic | 135       | 84.4    | 84.4          | 100.0              |
| Total                            | 160       | 100.0   | 100.0         |                    |

**Services Public utilities**

|                                     | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------------------|-----------|---------|---------------|--------------------|
| Services Public utilities           | 10        | 6.3     | 6.3           | 6.3                |
| Valid Non Services Public utilities | 150       | 93.8    | 93.8          | 100.0              |
| Total                               | 160       | 100.0   | 100.0         |                    |

**Spare parts for Gloves industry**

|   | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|-----------|---------|---------------|--------------------|
| Spare parts for Gloves industry           | 1         | .6      | .6            | .6                 |
| Valid Non Spare parts for Gloves industry | 159       | 99.4    | 99.4          | 100.0              |
| Total                                     | 160       | 100.0   | 100.0         |                    |

**Trade and investment support office**

|   | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|-----------|---------|---------------|--------------------|
| "Trade and investment support office"           | 2         | 1.3     | 1.3           | 1.3                |
| Valid "Non trade and investment support office" | 158       | 98.8    | 98.8          | 100.0              |
| Total   | 160       | 100.0   | 100.0         |                    |

**Software and Digital content**

|  | Frequency | Percent | Valid Percent | Cumulative Percent |
|--|-----------|---------|---------------|--------------------|
| Valid Software and Digital content     | 4         | 2.5     | 2.5           | 2.5                |
| Valid Non Software and Digital content | 156       | 97.5    | 97.5          | 100.0              |
| Total                                  | 160       | 100.0   | 100.0         |                    |

**Hotel**

|                 | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------|-----------|---------|---------------|--------------------|
| Valid Hotel     | 8         | 5.0     | 5.0           | 5.0                |
| Valid Non Hotel | 152       | 95.0    | 95.0          | 100.0              |
| Total           | 160       | 100.0   | 100.0         |                    |

**Ready meal**

|                      | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid Ready meal     | 4         | 2.5     | 2.5           | 2.5                |
| Valid Non Ready meal | 156       | 97.5    | 97.5          | 100.0              |
| Total                | 160       | 100.0   | 100.0         |                    |

**Better and wider market access**

|              | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------|-----------|---------|---------------|--------------------|
| Valid select | 47        | 29.4    | 29.4          | 29.4               |
| Valid Non    | 113       | 70.6    | 70.6          | 100.0              |
| Total        | 160       | 100.0   | 100.0         |                    |

**Faster market entry**

|  | Frequency | Percent | Valid Percent | Cumulative Percent |
|--|-----------|---------|---------------|--------------------|
|  |           |         |               |                    |

|       |        |     |       |       |       |
|-------|--------|-----|-------|-------|-------|
|       | select | 37  | 23.1  | 23.1  | 23.1  |
| Valid | Non    | 123 | 76.9  | 76.9  | 100.0 |
|       | Total  | 160 | 100.0 | 100.0 |       |

**Reduce competition**

|       |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------|-----------|---------|---------------|--------------------|
|       | select | 11        | 6.9     | 6.9           | 6.9                |
| Valid | Non    | 149       | 93.1    | 93.1          | 100.0              |
|       | Total  | 160       | 100.0   | 100.0         |                    |

**Provide fast effective and efficient learning**

|       |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------|-----------|---------|---------------|--------------------|
|       | select | 8         | 5.0     | 5.0           | 5.0                |
| Valid | Non    | 152       | 95.0    | 95.0          | 100.0              |
|       | Total  | 160       | 100.0   | 100.0         |                    |

**Reduce cost**

|       |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------|-----------|---------|---------------|--------------------|
|       | select | 8         | 5.0     | 5.0           | 5.0                |
| Valid | Non    | 152       | 95.0    | 95.0          | 100.0              |
|       | Total  | 160       | 100.0   | 100.0         |                    |

**Share of R&D**

|       |        | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------|--------|-----------|---------|---------------|--------------------|
|       | select | 2         | 1.3     | 1.3           | 1.3                |
| Valid | Non    | 158       | 98.8    | 98.8          | 100.0              |
|       | Total  | 160       | 100.0   | 100.0         |                    |

**Reduce costs of production or marketing**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| select    | 34        | 21.3    | 21.3          | 21.3               |
| Valid Non | 126       | 78.8    | 78.8          | 100.0              |
| Total     | 160       | 100.0   | 100.0         |                    |

**Realize economies of scale and or scope**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid Non | 160       | 100.0   | 100.0         | 100.0              |

**Reduce risk**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| select    | 13        | 8.1     | 8.1           | 8.1                |
| Valid Non | 147       | 91.9    | 91.9          | 100.0              |
| Total     | 160       | 100.0   | 100.0         |                    |

**Local government regulation**

|           | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------|-----------|---------|---------------|--------------------|
| Valid Non | 160       | 100.0   | 100.0         | 100.0              |

**Number of expatriate in management**

|                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| None              | 7         | 4.4     | 4.4           | 4.4                |
| 1-2               | 75        | 46.9    | 46.9          | 51.3               |
| 3-4               | 55        | 34.4    | 34.4          | 85.6               |
| 5-6               | 18        | 11.3    | 11.3          | 96.9               |
| Valid More than 6 | 5         | 3.1     | 3.1           | 100.0              |
| Total             | 160       | 100.0   | 100.0         |                    |



### Gender

|            | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------|-----------|---------|---------------|--------------------|
| Valid Male | 103       | 64.4    | 64.4          | 64.4               |
| Female     | 57        | 35.6    | 35.6          | 100.0              |
| Total      | 160       | 100.0   | 100.0         |                    |

### Age

|             | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------|-----------|---------|---------------|--------------------|
| Valid 30-40 | 18        | 11.3    | 11.3          | 11.3               |
| 41-50       | 95        | 59.4    | 59.4          | 70.6               |
| 51-60       | 44        | 27.5    | 27.5          | 98.1               |
| Over 60     | 3         | 1.9     | 1.9           | 100.0              |
| Total       | 160       | 100.0   | 100.0         |                    |

### Period for working in this firm

|                   | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|-----------|---------|---------------|--------------------|
| Valid 0-3 Year    | 21        | 13.1    | 13.1          | 13.1               |
| 4-7 Year          | 72        | 45.0    | 45.0          | 58.1               |
| 8-10 Year         | 50        | 31.3    | 31.3          | 89.4               |
| More than 10 Year | 17        | 10.6    | 10.6          | 100.0              |
| Total             | 160       | 100.0   | 100.0         |                    |

### Your nationality

|             | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------|-----------|---------|---------------|--------------------|
| Valid Thai  | 78        | 48.8    | 48.8          | 48.8               |
| Malaysia    | 5         | 3.1     | 3.1           | 51.9               |
| Chinese     | 9         | 5.6     | 5.6           | 57.5               |
| Japanese    | 17        | 10.6    | 10.6          | 68.1               |
| Singaporean | 8         | 5.0     | 5.0           | 73.1               |
| American    | 4         | 2.5     | 2.5           | 75.6               |
| Hong Kong   | 8         | 5.0     | 5.0           | 80.6               |
| Taiwanese   | 17        | 10.6    | 10.6          | 91.3               |
| Indian      | 3         | 1.9     | 1.9           | 93.1               |
| Indonesian  | 2         | 1.3     | 1.3           | 94.4               |
| Australian  | 2         | 1.3     | 1.3           | 95.6               |

|         |     |       |       |       |
|---------|-----|-------|-------|-------|
| British | 2   | 1.3   | 1.3   | 96.9  |
| Korean  | 5   | 3.1   | 3.1   | 100.0 |
| Total   | 160 | 100.0 | 100.0 |       |

**Country of your IJV**

|                       | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------|-----------|---------|---------------|--------------------|
| Malaysia              | 9         | 5.6     | 5.6           | 5.6                |
| Japan                 | 39        | 24.4    | 24.4          | 30.0               |
| USA                   | 10        | 6.3     | 6.3           | 36.3               |
| China                 | 13        | 8.1     | 8.1           | 44.4               |
| Austria               | 2         | 1.3     | 1.3           | 45.6               |
| Taiwan                | 22        | 13.8    | 13.8          | 59.4               |
| Hongkong              | 14        | 8.8     | 8.8           | 68.1               |
| Korea                 | 7         | 4.4     | 4.4           | 72.5               |
| Singapore             | 10        | 6.3     | 6.3           | 78.8               |
| India                 | 5         | 3.1     | 3.1           | 81.9               |
| Australia             | 5         | 3.1     | 3.1           | 85.0               |
| Sweden                | 2         | 1.3     | 1.3           | 86.3               |
| Belgium               | 1         | .6      | .6            | 86.9               |
| France                | 1         | .6      | .6            | 87.5               |
| Indonesia             | 2         | 1.3     | 1.3           | 88.8               |
| Germany               | 3         | 1.9     | 1.9           | 90.6               |
| United Kingdom        | 3         | 1.9     | 1.9           | 92.5               |
| British Virgin Island | 1         | .6      | .6            | 93.1               |
| Netherlands           | 4         | 2.5     | 2.5           | 95.6               |
| Denmark               | 2         | 1.3     | 1.3           | 96.9               |
| Canada                | 2         | 1.3     | 1.3           | 98.1               |
| Spain                 | 1         | .6      | .6            | 98.8               |
| Italy                 | 2         | 1.3     | 1.3           | 100.0              |
| Total                 | 160       | 100.0   | 100.0         |                    |

**Your company ownership or participation in JV**

|               | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------|-----------|---------|---------------|--------------------|
| Less than 20% | 11        | 6.9     | 6.9           | 6.9                |
| 20-49.99%     | 78        | 48.8    | 48.8          | 55.6               |
| Valid 50-80%  | 51        | 31.9    | 31.9          | 87.5               |
| More than 80% | 20        | 12.5    | 12.5          | 100.0              |
| Total         | 160       | 100.0   | 100.0         |                    |



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## APPENDIX E

### Test of Non Respondent Bias

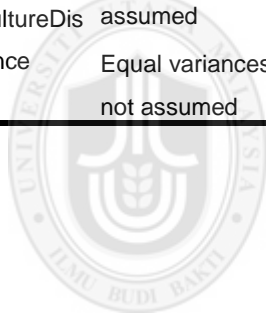
**Group Statistics**

|                   | Number         | N  | Mean   | Std. Deviation | Std. Error Mean |
|-------------------|----------------|----|--------|----------------|-----------------|
| CL                | Early response | 92 | 2.7246 | .87651         | .09138          |
|                   | Late response  | 68 | 4.1520 | .25388         | .03079          |
| IL                | Early response | 92 | 3.5326 | .70591         | .07360          |
|                   | Late response  | 68 | 3.9657 | .57343         | .06954          |
| EX                | Early response | 92 | 3.9973 | .61293         | .06390          |
|                   | Late response  | 68 | 3.8750 | .61313         | .07435          |
| LocalPartner      | Early response | 92 | 3.4182 | .47342         | .04936          |
|                   | Late response  | 68 | 4.0049 | .29736         | .03606          |
| CT                | Early response | 92 | 3.3739 | .96771         | .10089          |
|                   | Late response  | 68 | 3.5000 | .78910         | .09569          |
| WT                | Early response | 92 | 3.4167 | .71888         | .07495          |
|                   | Late response  | 68 | 3.7745 | .66027         | .08007          |
| ForeignPartner    | Early response | 92 | 3.3899 | .59581         | .06212          |
|                   | Late response  | 68 | 3.6373 | .50911         | .06174          |
| KnowledgeMech     | Early response | 92 | 3.8624 | .54039         | .05634          |
|                   | Late response  | 68 | 3.7843 | .44893         | .05444          |
| KnwoledgeTransfer | Early response | 92 | 3.6332 | .66553         | .06939          |
|                   | Late response  | 68 | 3.6838 | .65452         | .07937          |
| OverallIJV        | Early response | 92 | 3.5978 | .48565         | .05063          |
|                   | Late response  | 68 | 3.7616 | .53475         | .06485          |
| CultureDistance   | Early response | 92 | 3.3783 | .58438         | .06093          |
|                   | Late response  | 68 | 3.4147 | .58877         | .07140          |

**Independent Samples Test**

|                |                             | Levene's Test for Equality of Variances |      | t-test for Equality of Means |         |                 |                 |                       |   |        |
|----------------|-----------------------------|---|------|------------------------------|---------|-----------------|-----------------|-----------------------|---|--------|
|                |                             | F                                       | Sig. | t                            | df      | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference |        |
|                |                             |   |      |                              |         |                 |                 |                       | Lower                                     | Upper  |
| CL             | Equal variances assumed     | 2.111                                   | .148 | 1.59                         | 158     | .112            | .24616          | .15423                | -.05845                                   | .55078 |
|                | Equal variances not assumed |   |      | 1.57                         | 135.2   | .118            | .24616          | .15659                | -.06351                                   | .55583 |
| IL             | Equal variances assumed     | .579                                    | .448 | -.232                        | 158     | .817            | -.02962         | .12773                | -.28191                                   | .22266 |
|                | Equal variances not assumed |   |      | -.237                        | 153.356 | .813            | -.02962         | .12524                | -.27705                                   | .21780 |
| EX             | Equal variances assumed     | .020                                    | .887 | .237                         | 158     | .223            | .11983          | .09795                | -.07364                                   | .31330 |
|                | Equal variances not assumed |   |      | 1.22                         | 144.4   | .223            | .11983          | .09793                | -.07373                                   | .31339 |
| LocalPartner   | Equal variances assumed     | 2.617                                   | .108 | 1.63                         | 158     | .103            | -.15395         | .09397                | -.33955                                   | .03165 |
|                | Equal variances not assumed |   |      | 1.67                         | 154.8   | .095            | -.15395         | .09177                | -.33523                                   | .02733 |
| CT             | Equal variances assumed     | 2.517                                   | .115 | .501                         | 158     | .617            | -.06410         | .12792                | -.31676                                   | .18856 |
|                | Equal variances not assumed |   |      | .517                         | 156.517 | .606            | -.06410         | .12404                | -.30911                                   | .18092 |
| WT             | Equal variances assumed     | .295                                    | .588 | 1.48                         | 158     | .139            | -.14812         | .09972                | -.34508                                   | .04883 |
|                | Equal variances not assumed |   |      | 1.49                         | 146.3   | .138            | -.14812         | .09924                | -.34425                                   | .04800 |
| ForeignPartner | Equal variances assumed     | 1.300                                   | .256 | 1.58                         | 158     | .114            | -.14730         | .09280                | -.33060                                   | .03599 |

|            |                                |       |      |                     |             |      |         |        |         |        |
|------------|--------------------------------|-------|------|---------------------|-------------|------|---------|--------|---------|--------|
|            | Equal variances<br>not assumed |       |      | - 152.<br>1.61<br>7 | 898         | .108 | -.14730 | .09111 | -.32730 | .03270 |
| Knowledge  | Equal variances<br>assumed     | 2.292 | .132 | .969                | 158         | .334 | .07808  | .08054 | -.08100 | .23716 |
| Mech       | Equal variances<br>not assumed |       |      | .997                | 155.<br>793 | .321 | .07808  | .07834 | -.07668 | .23283 |
| Knwoledg   | Equal variances<br>assumed     | .019  | .892 | - 158<br>.479       |             | .632 | -.05067 | .10569 | -.25942 | .15808 |
| eTransfer  | Equal variances<br>not assumed |       |      | - 145.<br>.481      | 828         | .631 | -.05067 | .10542 | -.25903 | .15769 |
|            | Equal variances<br>assumed     | .164  | .686 | - 158<br>1.09<br>5  |             | .275 | -.09998 | .09134 | -.28039 | .08042 |
| OverallJV  | Equal variances<br>not assumed |       |      | - 149.<br>1.10<br>5 | 173         | .271 | -.09998 | .09049 | -.27879 | .07882 |
| CultureDis | Equal variances<br>assumed     | .132  | .717 | - 158<br>.389       |             | .698 | -.03645 | .09375 | -.22162 | .14873 |
| tance      | Equal variances<br>not assumed |       |      | - 143.<br>.388      | 916         | .698 | -.03645 | .09386 | -.22197 | .14908 |



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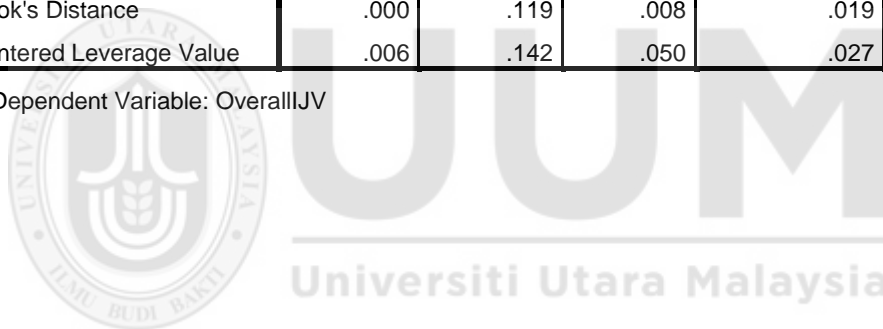
## APPENDIX F

### Test of Mahalanobis

**Residuals Statistics<sup>a</sup>**

|                                   | Minimum  | Maximum | Mean   | Std. Deviation | N   |
|-----------------------------------|----------|---------|--------|----------------|-----|
| Predicted Value                   | 2.7199   | 4.3558  | 3.6674 | .29401         | 160 |
| Std. Predicted Value              | -3.223   | 2.341   | .000   | 1.000          | 160 |
| Standard Error of Predicted Value | .047     | .165    | .099   | .024           | 160 |
| Adjusted Predicted Value          | 2.6401   | 4.2980  | 3.6674 | .29666         | 160 |
| Residual                          | -1.40085 | 1.36508 | .00000 | .41910         | 160 |
| Std. Residual                     | -3.257   | 3.174   | .000   | .975           | 160 |
| Stud. Residual                    | -3.323   | 3.240   | .000   | 1.010          | 160 |
| Deleted Residual                  | -1.45823 | 1.42228 | .00006 | .44997         | 160 |
| Stud. Deleted Residual            | -3.441   | 3.348   | -.002  | 1.026          | 160 |
| Mahal. Distance                   | .938     | 22.499  | 7.950  | 4.331          | 160 |
| Cook's Distance                   | .000     | .119    | .008   | .019           | 160 |
| Centered Leverage Value           | .006     | .142    | .050   | .027           | 160 |

a. Dependent Variable: OverallIJV



## APPENDIX G

### Normality Test

#### 1. Capacity to learn

|    |                                  | Statistic | Std. Error |
|----|----------------------------------|-----------|------------|
| CL | Mean                             | 3.4896    | .05050     |
|    | 95% Confidence Interval for Mean |           |            |
|    | Lower Bound                      | 3.1972    |            |
|    | Upper Bound                      | 3.3967    |            |
|    | 5% Trimmed Mean                  | 3.2932    |            |
|    | Median                           | 3.3000    |            |
|    | Variance                         | .408      |            |
|    | Std. Deviation                   | .96907    |            |
|    | Minimum                          | 1.00      |            |
|    | Maximum                          | 5.00      |            |
|    | Range                            | 3.50      |            |
|    | Interquartile Range              | .67       |            |
|    | Skewness                         | -.024     | .192       |
|    | Kurtosis                         | .286      | .381       |

|    | Kolmogorov-Smirnov(a) |     |      | Shapiro-Wilk |     |      |
|----|-----------------------|-----|------|--------------|-----|------|
|    | Statistic             | df  | Sig. | Statistic    | df  | Sig. |
| CL | .096                  | 160 | .001 | .985         | 160 | .089 |

CL Stem-and-Leaf Plot

Frequency      Stem & Leaf

```

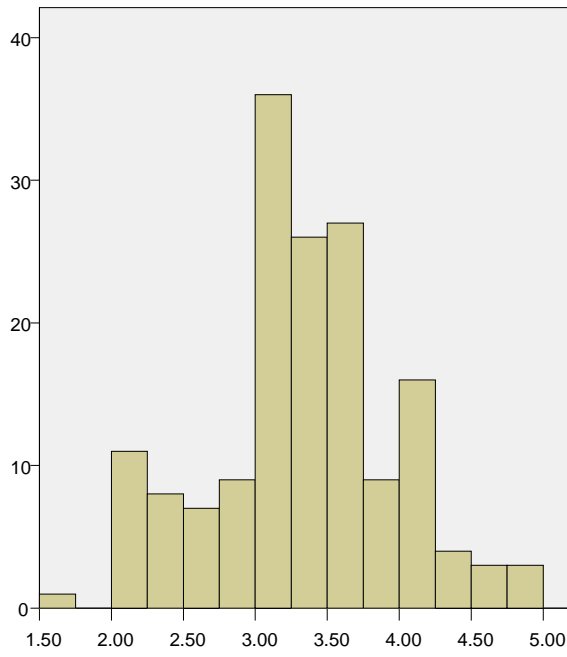
1.00 Extremes      (= < 1.5)
8.00            2 . 00011111
7.00            2 . 2222333
5.00            2 . 44445
7.00            2 . 6667777
8.00            2 . 8889999
27.00           3 . 000000000000000000011111111
25.00           3 . 22222222233333333333333333333
20.00           3 . 444444444445555555555
20.00           3 . 66666666666666666777777
6.00            3 . 888889
15.00           4 . 000000000001111
3.00            4 . 233
4.00            4 . 4455
1.00            4 . 6
3.00 Extremes      (>= 5.0)

```

Stem width:      1.00  
Each leaf:        1 case(s)

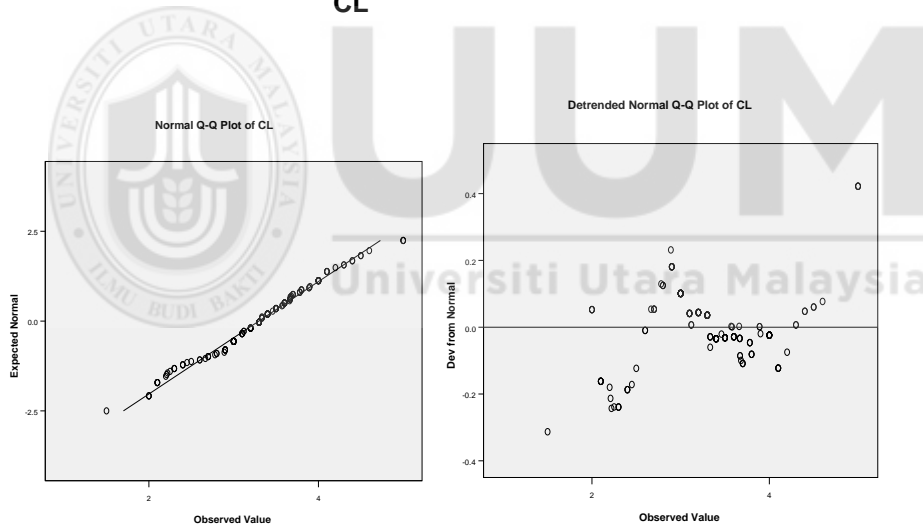


# Frequency Histogram



Mean = 3.4896  
Std. Dev = 0.96907  
N = 160

## CL



2. Intent to learn

|    |                                  | Statistic | Std. Error |
|----|----------------------------------|-----------|------------|
| IL | Mean                             | 3.7771    | .02029     |
|    | 95% Confidence Interval for Mean |           |            |
|    | Lower Bound                      | 3.3468    |            |
|    | Upper Bound                      | 3.4269    |            |
|    | 5% Trimmed Mean                  | 3.3850    |            |
|    | Median                           | 3.3600    |            |
|    | Variance                         | .066      |            |
|    | Std. Deviation                   | .79632    |            |
|    | Minimum                          | 1.67      |            |
|    | Maximum                          | 5.00      |            |
|    | Range                            | 1.50      |            |
|    | Interquartile Range              | .40       |            |
|    | Skewness                         | .024      | .192       |
|    | Kurtosis                         | -.092     | .381       |

|    | Kolmogorov-Smirnov(a) |     |      | Shapiro-Wilk |     |      |
|----|-----------------------|-----|------|--------------|-----|------|
|    | Statistic             | df  | Sig. | Statistic    | df  | Sig. |
| IL | .086                  | 160 | .005 | .984         | 160 | .064 |

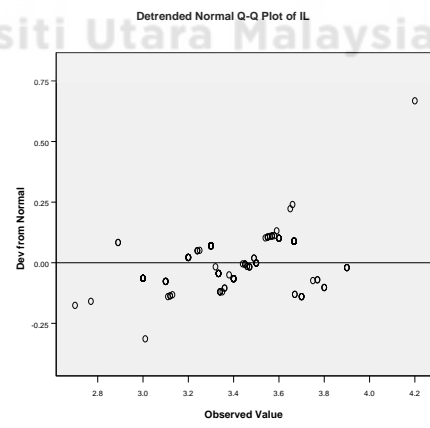
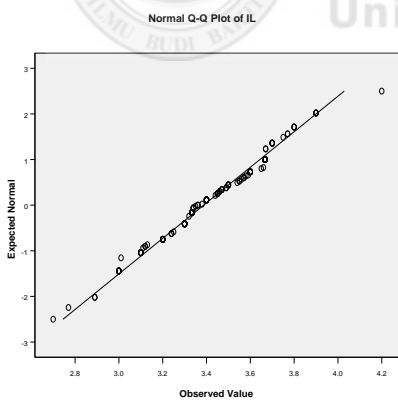
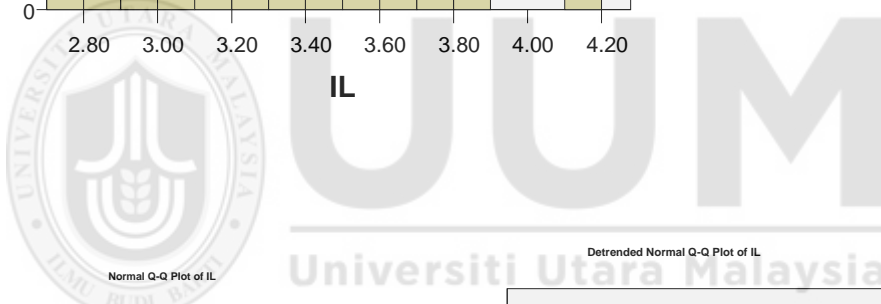
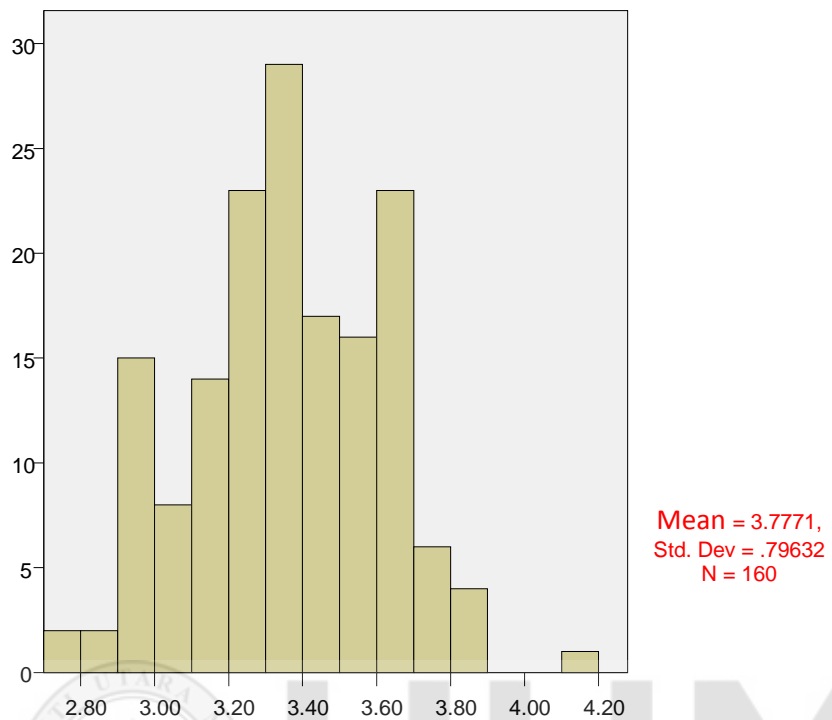
IL Stem-and-Leaf Plot

```

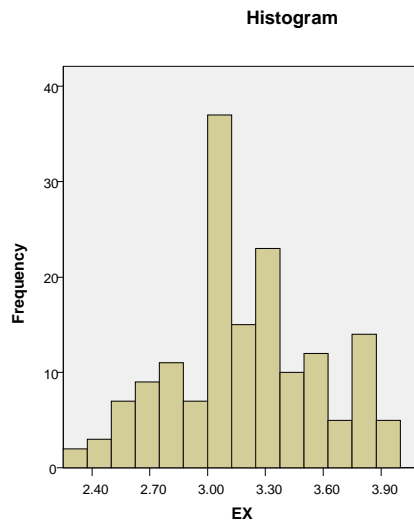
Frequency      Stem & Leaf
2.00           27 . 07
2.00           28 . 99
.00            29 .
16.00          30 . 0000000000000001
11.00          31 . 0000001223
14.00          32 . 00000000004445
37.00          33 . 000000000000000000233333333344445668
23.00          34 . 00000000000455556677799
15.00          35 . 000004555677789
24.00          36 . 00000056666666666666677
8.00           37 . 00000577
3.00           38 . 000
4.00           39 . 0000
1.00 Extremes      (>=4.20)
  
```

Stem width: .10  
 Each leaf: 1 case(s)

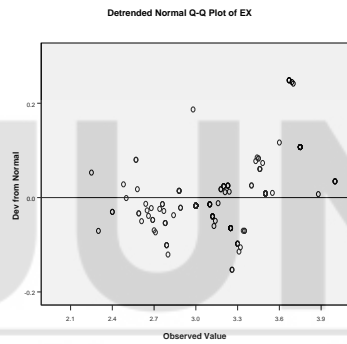
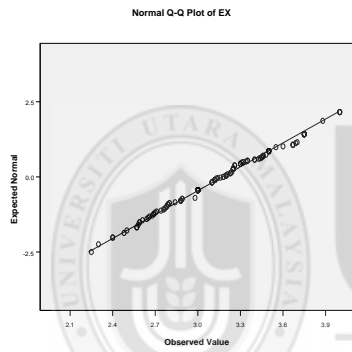
# Frequency Histogram







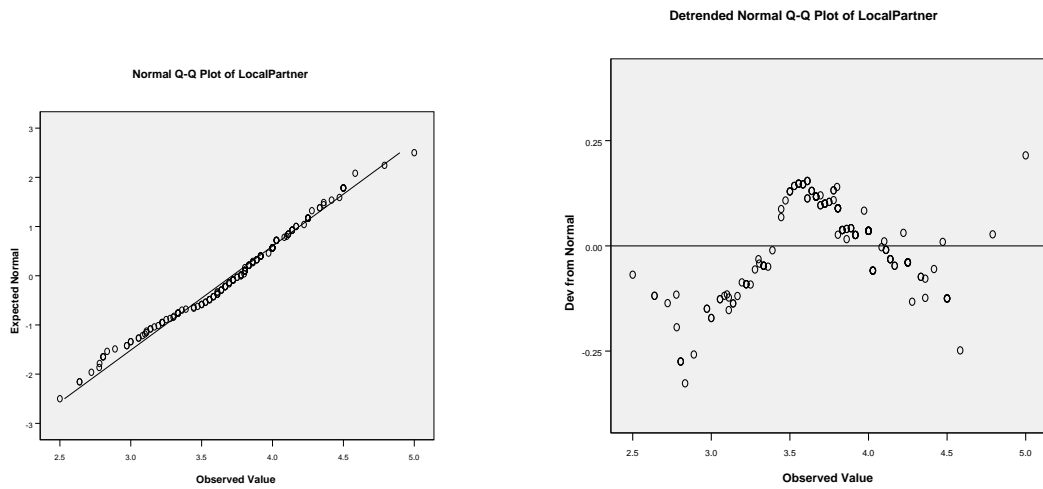
Mean = 3.9464  
 Std. Dev. 61347  
 N = 160



#### 4. Local partner characteristic

|              |                                  |             | Statistic | Std. Error |
|--------------|----------------------------------|-------------|-----------|------------|
| LocalPartner | Mean                             |             | 3.9368    | .03741     |
|              | 95% Confidence Interval for Mean | Lower Bound | 3.6415    |            |
|              |                                  | Upper Bound | 3.7892    |            |
|              | 5% Trimmed Mean                  |             | 3.7216    |            |
|              | Median                           |             | 3.7778    |            |
|              | Variance                         |             | .224      |            |
|              | Std. Deviation                   |             | .59071    |            |
|              | Minimum                          |             | 2.50      |            |
|              | Maximum                          |             | 5.00      |            |
|              | Range                            |             | 2.50      |            |
|              | Interquartile Range              |             | .62       |            |
|              | Skewness                         |             | -.265     | .192       |
|              | Kurtosis                         |             | -.123     | .381       |





### 5. Capacity to learn

|    |                                  |             | Statistic | Std. Error |
|----|----------------------------------|-------------|-----------|------------|
| CT | Mean                             |             | 3.6484    | .01987     |
|    | 95% Confidence Interval for Mean | Lower Bound | 3.2629    |            |
|    |                                  | Upper Bound | 3.3414    |            |
|    | 5% Trimmed Mean                  |             | 3.3038    |            |
|    | Median                           |             | 3.3000    |            |
|    | Variance                         |             | .063      |            |
|    | Std. Deviation                   |             | .79801    |            |
|    | Minimum                          |             | 1.40      |            |
|    | Maximum                          |             | 5.00      |            |
|    | Range                            |             | 1.33      |            |
|    | Interquartile Range              |             | .23       |            |
|    | Skewness                         |             | -.067     | .192       |
|    | Kurtosis                         |             | -.048     | .381       |

#### Tests of Normality

|    | Kolmogorov-Smirnov(a) |     |      | Shapiro-Wilk |     |      |
|----|-----------------------|-----|------|--------------|-----|------|
|    | Statistic             | df  | Sig. | Statistic    | df  | Sig. |
| CT | .117                  | 160 | .000 | .983         | 160 | .053 |

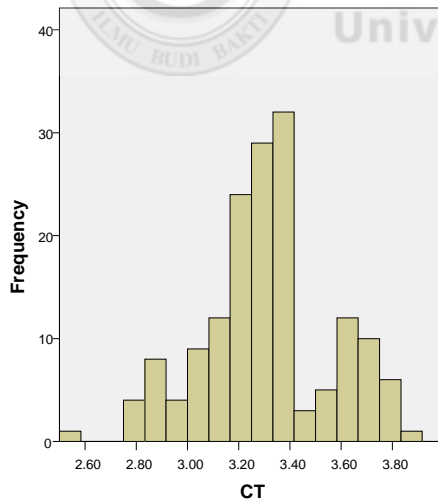
a. Lilliefors Significance Correction

CT Stem-and-Leaf Plot

| Frequency | Stem &   | Leaf               |
|-----------|----------|--------------------|
| 5.00      | Extremes | (=<2.80)           |
| 1.00      | 28       | . 4                |
| 5.00      | 28       | . 57999            |
| 4.00      | 29       | . 0124             |
| 2.00      | 29       | . 99               |
| 9.00      | 30       | . 000000000        |
| .00       | 30       | .                  |
| 9.00      | 31       | . 000022334        |
| 12.00     | 31       | . 566777788899     |
| 15.00     | 32       | . 000000000000224  |
| 15.00     | 32       | . 56777778888999   |
| 15.00     | 33       | . 000000001112234  |
| 17.00     | 33       | . 5556777888889999 |
| 14.00     | 34       | . 00000000000000   |
| 3.00      | 34       | . 567              |
| 4.00      | 35       | . 0444             |
| 2.00      | 35       | . 89               |
| 11.00     | 36       | . 0000000012       |
| 5.00      | 36       | . 77899            |
| 5.00      | 37       | . 00034            |
| 7.00      | Extremes | (>=3.75)           |

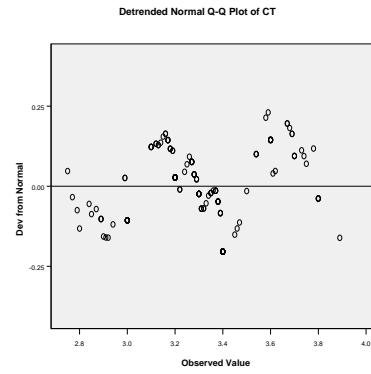
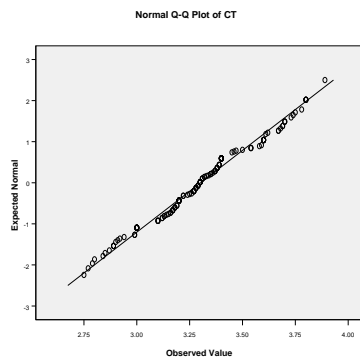
Stem width: .10  
 Each leaf: 1 case(s)

Histogram



Mean = 3.6484  
 Std. Dev = 0.79801  
 N = 160





## 6. Willingness to transfer

|    |                                  | Statistic | Std. Error |
|----|----------------------------------|-----------|------------|
| WT | Mean                             | 3.8646    | .01918     |
|    | 95% Confidence Interval for Mean |           |            |
|    | Lower Bound                      | 3.2614    |            |
|    | Upper Bound                      | 3.3371    |            |
|    | 5% Trimmed Mean                  | 3.3010    |            |
|    | Median                           | 3.3000    |            |
|    | Variance                         | .059      |            |
|    | Std. Deviation                   | .62590    |            |
|    | Minimum                          | 2.00      |            |
|    | Maximum                          | 5.00      |            |
|    | Range                            | 1.33      |            |
|    | Interquartile Range              | .23       |            |
|    | Skewness                         | -.088     | .192       |
|    | Kurtosis                         | .046      | .381       |

### Tests of Normality

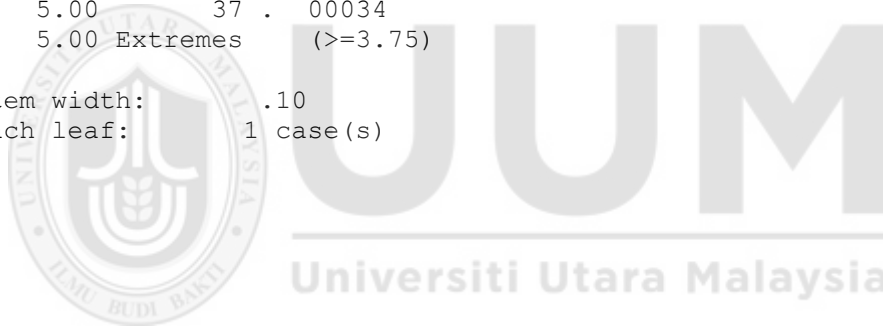
|    | Kolmogorov-Smirnov(a) |     |      | Shapiro-Wilk |     |      |
|----|-----------------------|-----|------|--------------|-----|------|
|    | Statistic             | df  | Sig. | Statistic    | df  | Sig. |
| WT | .114                  | 160 | .000 | .985         | 160 | .080 |

a. Lilliefors Significance Correction

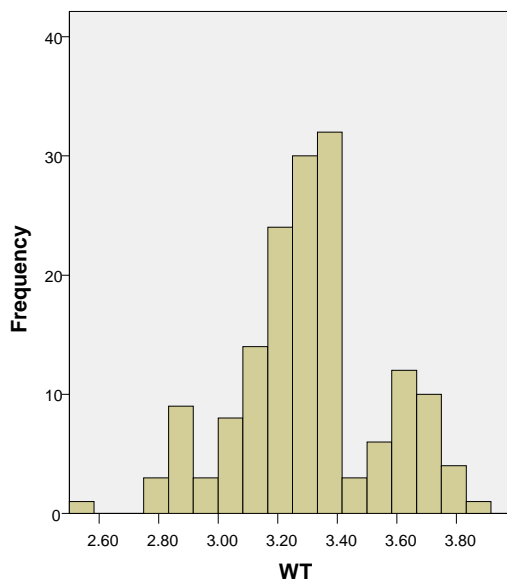
WT Stem-and-Leaf Plot

| Frequency | Stem &   | Leaf               |
|-----------|----------|--------------------|
| 4.00      | Extremes | (= $2.80$ )        |
| 1.00      | 28       | . 4                |
| 5.00      | 28       | . 57999            |
| 5.00      | 29       | . 00124            |
| 1.00      | 29       | . 9                |
| 8.00      | 30       | . 00000000         |
| .00       | 30       | .                  |
| 11.00     | 31       | . 00000022334      |
| 12.00     | 31       | . 566777788899     |
| 15.00     | 32       | . 00000000000224   |
| 15.00     | 32       | . 56777778888999   |
| 16.00     | 33       | . 000000001112234  |
| 17.00     | 33       | . 5556777888889999 |
| 14.00     | 34       | . 00000000000000   |
| 3.00      | 34       | . 567              |
| 5.00      | 35       | . 00444            |
| 2.00      | 35       | . 89               |
| 11.00     | 36       | . 0000000012       |
| 5.00      | 36       | . 77899            |
| 5.00      | 37       | . 00034            |
| 5.00      | Extremes | ( $\geq 3.75$ )    |

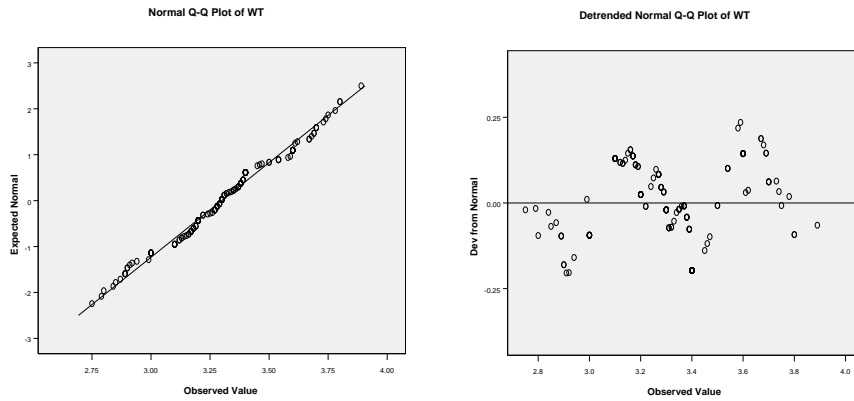
Stem width: .10  
 Each leaf: 1 case(s)



Histogram



Mean = 3.8646  
 Std.Dev = 0.62590  
 N = 160



### 7. Foreign partner characteristics

| Descriptives    |                                  |             | Statistic | Std. Error |
|-----------------|----------------------------------|-------------|-----------|------------|
| Foreign partner | Mean                             |             | 3.8459    | .05195     |
|                 | 95% Confidence Interval for Mean | Lower Bound | 3.4198    |            |
|                 |                                  | Upper Bound | 3.6250    |            |
|                 | 5% Trimmed Mean                  |             | 3.5150    |            |
|                 | Median                           |             | 3.5333    |            |
|                 | Variance                         |             | .432      |            |
|                 | Std. Deviation                   |             | .58306    |            |
|                 | Minimum                          |             | 1.93      |            |
|                 | Maximum                          |             | 5.00      |            |
|                 | Range                            |             | 3.13      |            |
|                 | Interquartile Range              |             | .93       |            |
|                 | Skewness                         |             | .071      | .192       |
|                 | Kurtosis                         |             | -.080     | .381       |

|                | Kolmogorov-Smirnov(a) |     |         | Shapiro-Wilk |     |      |
|----------------|-----------------------|-----|---------|--------------|-----|------|
|                | Statistic             | df  | Sig.    | Statistic    | df  | Sig. |
| ForeignPartner | .052                  | 160 | .200(*) | .987         | 160 | .127 |

\* This is a lower bound of the true significance.

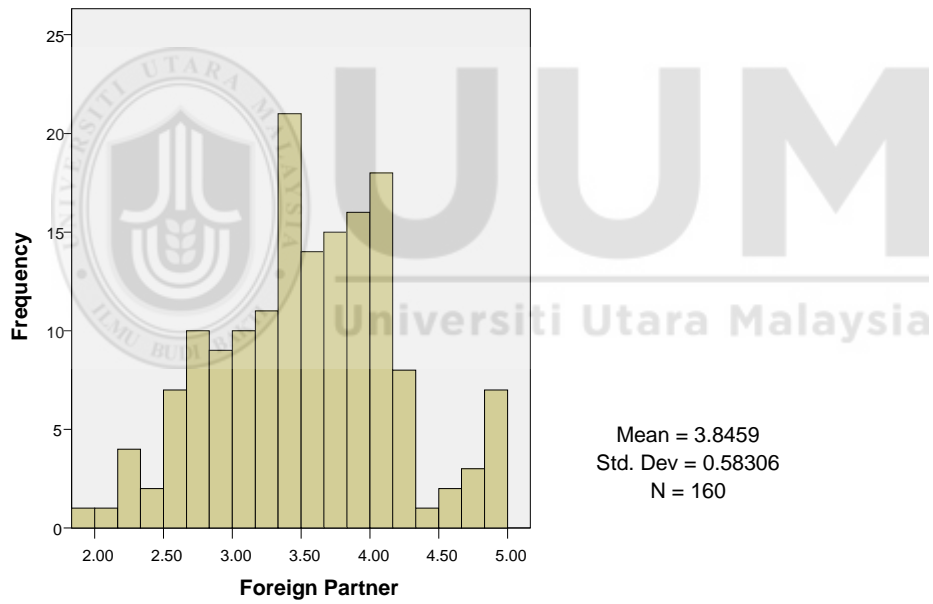
a Lilliefors Significance Correction

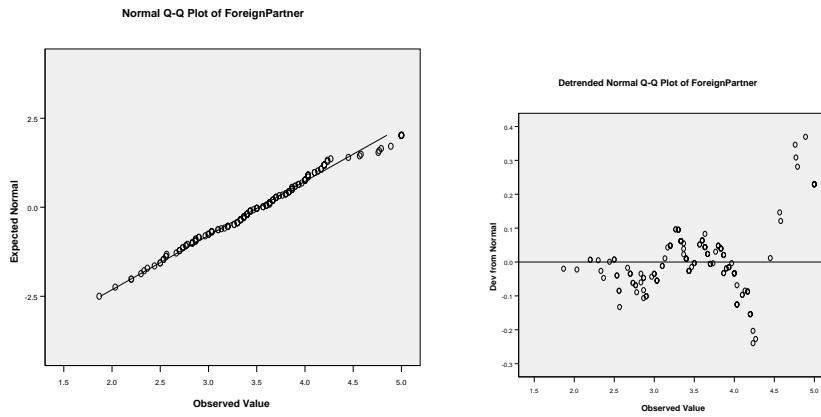
ForeignPartner Stem-and-Leaf Plot

| Frequency | Stem & Leaf   |
|-----------|---|
| 1.00      | 1 . 8   |
| 7.00      | 2 . 0223334   |
| 26.00     | 2 . 55555567777777788888889999                            |
| 42.00     | 3 . 000000111122222233333333333333444444444444            |
| 45.00     | 3 . 55555666666666666666666677777778888888888888888999999 |
| 27.00     | 4 . 000000000000111111222222224                           |
| 6.00      | 4 . 557778  |
| 6.00      | 5 . 000000  |

Stem width: 1.00  
 Each leaf: 1 case(s)

**Histogram**





### 8. Knowledge transfer mechanism

**Descriptives**

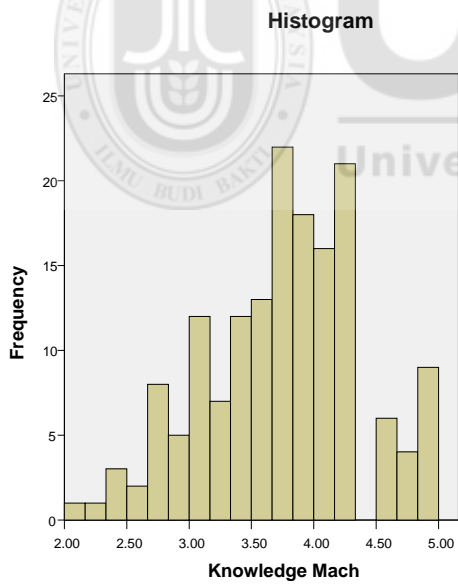
|                                  | Statistic                                  | Std. Error |
|----------------------------------|--|------------|
| Mean                             | 3.8292                                     | .04960     |
| 95% Confidence Interval for Mean | Lower Bound: 3.5919<br>Upper Bound: 3.7879 |            |
| 5% Trimmed Mean                  | 3.6915                                     |            |
| Median                           | 3.6667                                     |            |
| Variance                         | .394                                       |            |
| NKTM Std. Deviation              | .50354                                     |            |
| Minimum                          | 2.33                                       |            |
| Maximum                          | 4.83                                       |            |
| Range                            | 2.90                                       |            |
| Interquartile Range              | .79  |            |
| Skewness                         | -.084                                      | .192       |
| Kurtosis                         | -.234                                      | .381       |

|               | Kolmogorov-Smirnov(a) |     |      | Shapiro-Wilk |     |      |
|---------------|-----------------------|-----|------|--------------|-----|------|
|               | Statistic             | df  | Sig. | Statistic    | df  | Sig. |
| KnowledgeMach | .085                  | 160 | .006 | .986         | 160 | .112 |

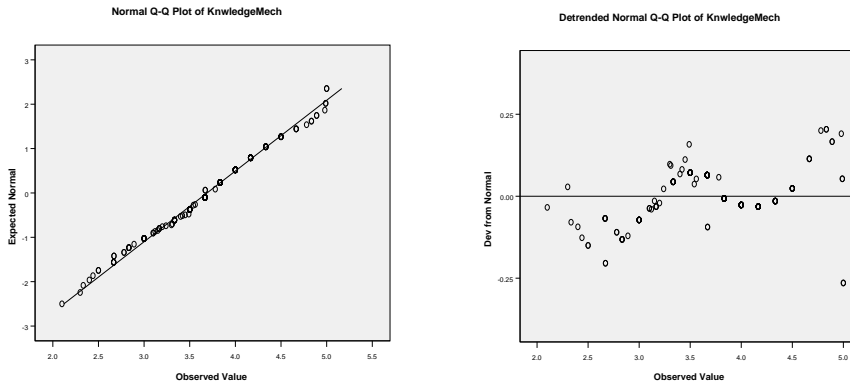
KnowledgeMach Stem-and-Leaf Plot

| Frequency | Stem &   | Leaf                           |
|-----------|----------|--------------------------------|
| 1.00      | Extremes | (=<2.1)                        |
| 2.00      | 2 .      | 33                             |
| 4.00      | 2 .      | 4455                           |
| 8.00      | 2 .      | 66666677                       |
| 5.00      | 2 .      | 88888                          |
| 15.00     | 3 .      | 0000000011111111               |
| 12.00     | 3 .      | 223333333333                   |
| 17.00     | 3 .      | 4444555555555555               |
| 22.00     | 3 .      | 66666666666666666667           |
| 18.00     | 3 .      | 888888888888888888             |
| 28.00     | 4 .      | 000000000000000000111111111111 |
| 9.00      | 4 .      | 333333333                      |
| 6.00      | 4 .      | 55555                          |
| 4.00      | 4 .      | 6667                           |
| 7.00      | 4 .      | 8888999                        |
| 2.00      | 5 .      | 00                             |

Stem width: 1.00  
 Each leaf: 1 case(s)



Mean = 3.8292  
 Std.Dev = 0.50354  
 N = 160



9. Knowledge transfer

**Descriptives**

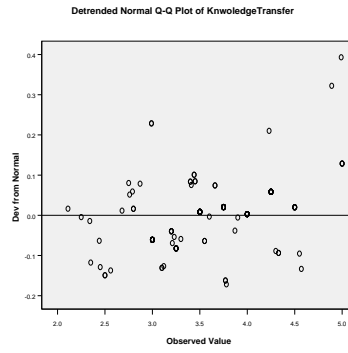
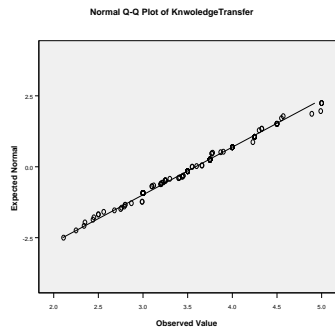
|                    |                                  | Statistic | Std. Error |
|--------------------|----------------------------------|-----------|------------|
| Knowledge transfer | Mean                             | 3.6547    | .04705     |
|                    | 95% Confidence Interval for Mean |           |            |
|                    | Lower Bound                      | 3.4951    |            |
|                    | Upper Bound                      | 3.6809    |            |
|                    | 5% Trimmed Mean                  | 3.5878    |            |
|                    | Median                           | 3.5500    |            |
|                    | Variance                         | .354      |            |
|                    | Std. Deviation                   | .65928    |            |
|                    | Minimum                          | 2.00      |            |
|                    | Maximum                          | 5.00      |            |
|                    | Range                            | 2.89      |            |
|                    | Interquartile Range              | .90       |            |
|                    | Skewness                         | .038      | .192       |
|                    | Kurtosis                         | -.193     | .381       |

|                   | Kolmogorov-Smirnov(a) |     |      | Shapiro-Wilk |     |      |
|-------------------|-----------------------|-----|------|--------------|-----|------|
|                   | Statistic             | df  | Sig. | Statistic    | df  | Sig. |
| KnwoledgeTransfer | .082                  | 160 | .010 | .984         | 160 | .062 |

a Lilliefors Significance Correction







## 10. Cultural distance

### Descriptives

|                                  |             | Statistic | Std. Error |
|----------------------------------|-------------|-----------|------------|
| Mean                             |             | 3.3938    | .03969     |
| 95% Confidence Interval for Mean | Lower Bound | 3.6737    |            |
|                                  | Upper Bound | 3.8305    |            |
| 5% Trimmed Mean                  |             | 3.7476    |            |
| Median                           |             | 3.7700    |            |
| Variance                         |             | .252      |            |
| NCD Std. Deviation               |             | .58468    |            |
| Minimum                          |             | 2.60      |            |
| Maximum                          |             | 4.40      |            |
| Range                            |             | 2.40      |            |
| Interquartile Range              |             | .70       |            |
| Skewness                         |             | .128      | .192       |
| Kurtosis                         |             | -1.231    | .381       |

### Tests of Normality

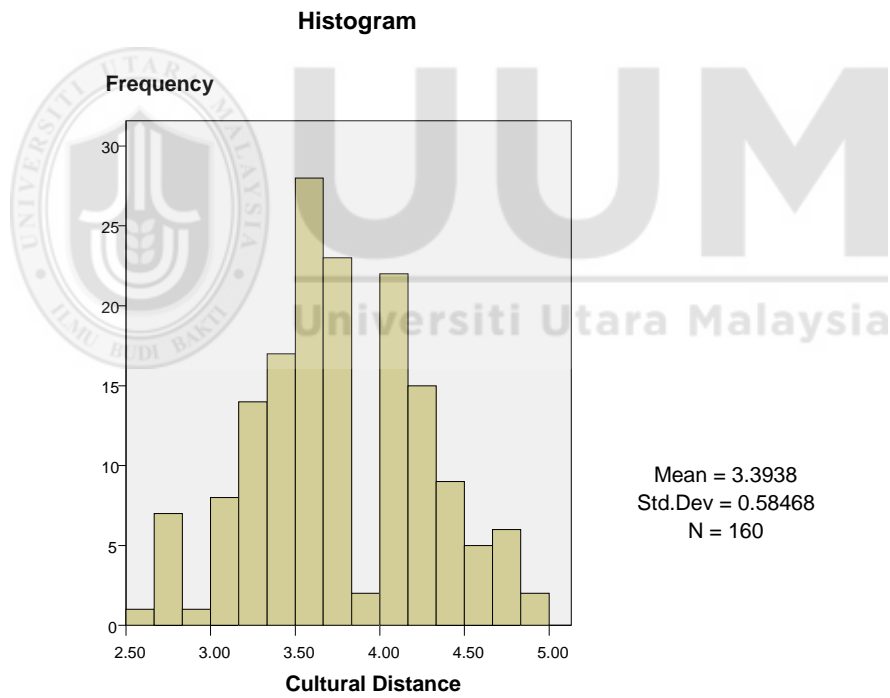
|                 | Kolmogorov-Smirnov(a) |     |      | Shapiro-Wilk |     |      |
|-----------------|-----------------------|-----|------|--------------|-----|------|
|                 | Statistic             | df  | Sig. | Statistic    | df  | Sig. |
| CultureDistance | .094                  | 160 | .001 | .985         | 160 | .083 |

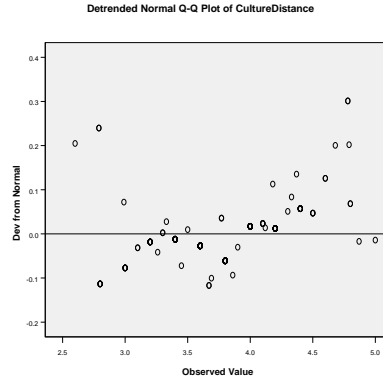
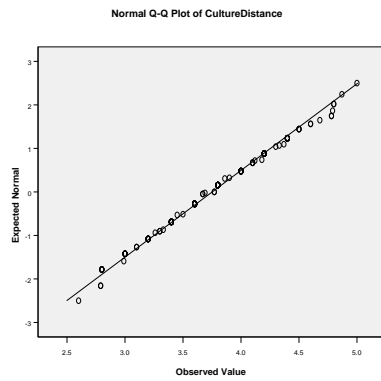
a. Lilliefors Significance Correction

CultureDistance Stem-and-Leaf Plot

| Frequency | Stem & Leaf                               |
|-----------|---|
| .00       | 2 .                                       |
| 3.00      | 2 . 677                                   |
| 6.00      | 2 . 888889                                |
| 8.00      | 3 . 0000011                               |
| 14.00     | 3 . 22222222222333                        |
| 18.00     | 3 . 444444444444444445                    |
| 32.00     | 3 . 6666666666666666666666666666666666677 |
| 20.00     | 3 . 88888888888888888889                  |
| 23.00     | 4 . 00000000000000000111111               |
| 15.00     | 4 . 22222222222333                        |
| 11.00     | 4 . 4444444555                            |
| 6.00      | 4 . 666777                                |
| 3.00      | 4 . 888                                   |
| 1.00      | 5 . 0                                     |

Stem width: 1.00  
 Each leaf: 1 case(s)





### 11. Overall IJV performance

#### Descriptives

|            |                                  | Statistic           | Std. Error          |
|------------|----------------------------------|---------------------|---------------------|
|            | Mean                             | 3.7789              | .03813              |
|            | 95% Confidence Interval for Mean | Lower Bound: 3.7844 | Upper Bound: 3.9350 |
|            | 5% Trimmed Mean                  | 3.8528              |                     |
|            | Median                           | 3.8125              |                     |
|            | Variance                         | .233                |                     |
| OverallIJV | Std. Deviation                   | .57151              |                     |
|            | Minimum                          | 2.00                |                     |
|            | Maximum                          | 5.00                |                     |
|            | Range                            | 2.54                |                     |
|            | Interquartile Range              | .69                 |                     |
|            | Skewness                         | .197                | .192                |
|            | Kurtosis                         | .120                | .381                |

#### Tests of Normality

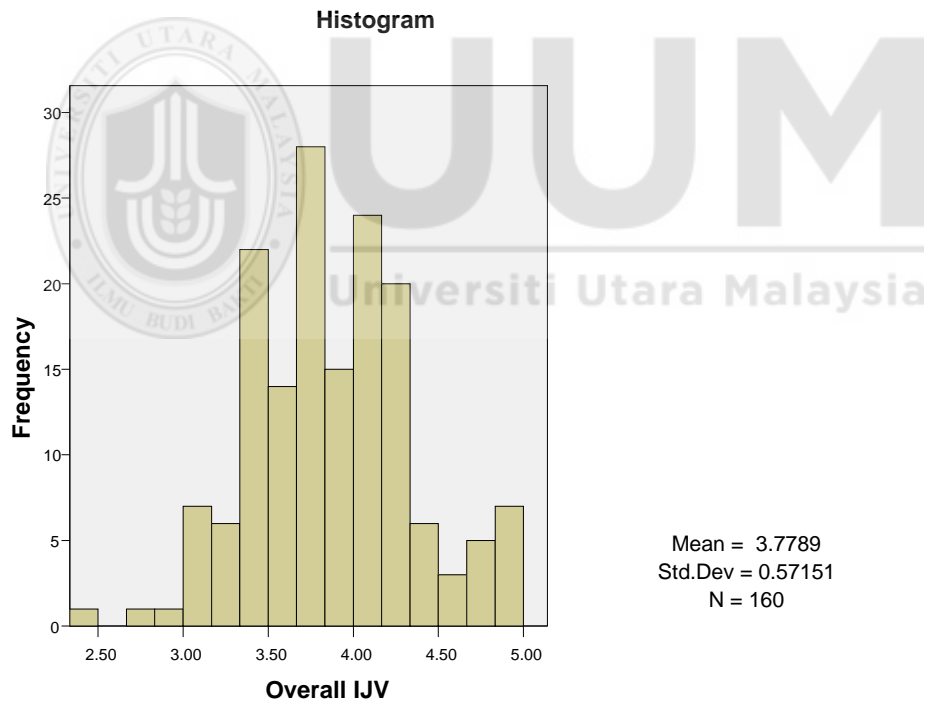
|            | Kolmogorov-Smirnov(a) |     |         | Shapiro-Wilk |     |      |
|------------|-----------------------|-----|---------|--------------|-----|------|
|            | Statistic             | df  | Sig.    | Statistic    | df  | Sig. |
| OverallIJV | .059                  | 160 | .200(*) | .987         | 160 | .149 |

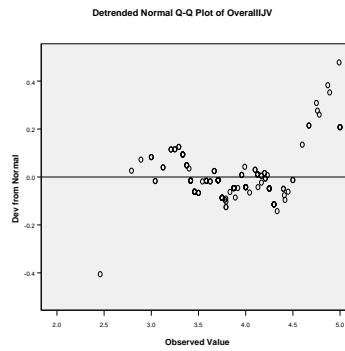
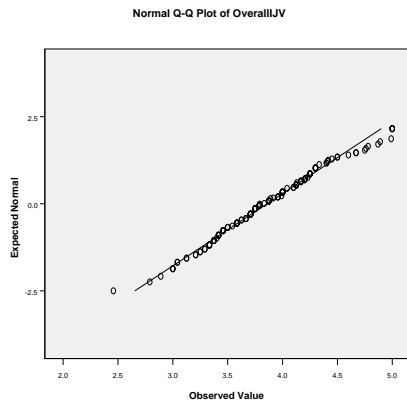
\* This is a lower bound of the true significance.  
 a Lilliefors Significance Correction

OverallIJV Stem-and-Leaf Plot

| Frequency | Stem &   | Leaf                             |
|-----------|----------|----------------------------------|
| 1.00      | Extremes | (=<2.5)                          |
| 1.00      | 2 .      | 7                                |
| 1.00      | 2 .      | 8                                |
| 7.00      | 3 .      | 0000011                          |
| 15.00     | 3 .      | 222223333333333                  |
| 25.00     | 3 .      | 444444444444445555555555         |
| 30.00     | 3 .      | 66666777777777777777777777777777 |
| 15.00     | 3 .      | 888888888899999                  |
| 25.00     | 4 .      | 000000000000111111111111         |
| 20.00     | 4 .      | 2222222222223333333              |
| 7.00      | 4 .      | 4444455                          |
| 6.00      | 4 .      | 666777                           |
| 3.00      | 4 .      | 889                              |
| 4.00      | 5 .      | 0000                             |

Stem width: 1.00  
 Each leaf: 1 case(s)





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## APPENDIX H

### Reliability test

#### 1 local partner

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .722             | .717   | 10         |

#### 1.1 Capacity to learn

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .893             | .895   | 3          |

#### 1.2 Intent to learn

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .717             | .714   | 3          |

#### 1.3 Experience

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .900             | .900   | 4          |

2 foreign partners

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .730             | .706   | 8          |

2.1 Capacity to transfer

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .875             | .869   | 5          |

2.2 Willingness to transfer

**Item Statistics**

|     | Mean | Std. Deviation | N   |
|-----|------|----------------|-----|
| WT1 | 3.27 | 1.026          | 160 |
| WT2 | 3.56 | .995           | 160 |
| WT3 | 3.86 | .879           | 160 |

3 Knowledge transfer mechanism

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .635             | .636   | 6          |

4 Knowledge transfer

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .704             | .706   | 4          |

5 Cultural distance

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .767             | .776   | 5          |

6.IJV performance

**Reliability Statistics**

| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
|------------------|--|------------|
| .662             | .661   | 7          |





|                    |                     |        |        |      |        |        |        |        |        |        |        |
|--------------------|---------------------|--------|--------|------|--------|--------|--------|--------|--------|--------|--------|
|                    | Sig. (2-tailed)     | .000   | .006   | .189 | .000   | .000   | .000   |        | .405   | .000   | .000   |
|                    | N                   | 160    | 160    | 160  | 160    | 160    | 160    | 160    | 160    | 160    | 160    |
| Knowledge Macha    | Pearson Correlation | .006   | .303** | .091 | .190*  | .148   | -.077  | .066   | 1      | .251** | .133   |
|                    | Sig. (2-tailed)     | .937   | .000   | .254 | .016   | .061   | .334   | .405   |        | .001   | .095   |
|                    | N                   | 160    | 160    | 160  | 160    | 160    | 160    | 160    | 160    | 160    | 160    |
| Knowledge Transfer | Pearson Correlation | .160*  | .298** | .155 | .317** | .301** | .192*  | .355** | .251** | 1      | .447** |
|                    | Sig. (2-tailed)     | .044   | .000   | .050 | .000   | .000   | .015   | .000   | .001   |        | .000   |
|                    | N                   | 160    | 160    | 160  | 160    | 160    | 160    | 160    | 160    | 160    | 160    |
| OverallIJV         | Pearson Correlation | .230** | .109   | .032 | .230** | .197*  | .396** | .404** | .133   | .447** | 1      |
|                    | Sig. (2-tailed)     | .003   | .170   | .688 | .003   | .012   | .000   | .000   | .095   | .000   |        |
|                    | N                   | 160    | 160    | 160  | 160    | 160    | 160    | 160    | 160    | 160    | 160    |

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

## APPENDIX J

### Factor analysis test

#### Factor of local partner characteristics

##### KMO and Bartlett's Test

|  |         |
|--|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .681    |
| Approx. Chi-Square                               | 983.526 |
| Bartlett's Test of Sphericity                    | Df      |
|  | 45      |
|  | Sig.    |
|  | .000    |

##### Total Variance Explained

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              | Rotation Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| 1         | 3.126               | 31.257        | 31.257       | 3.126                               | 31.257        | 31.257       | 3.098                             | 30.984        | 30.984       |
| 2         | 2.930               | 29.302        | 60.560       | 2.930                               | 29.302        | 60.560       | 2.635                             | 26.345        | 57.329       |
| 3         | 1.574               | 15.737        | 76.297       | 1.574                               | 15.737        | 76.297       | 1.897                             | 18.968        | 76.297       |
| 4         | .741                | 7.413         | 83.710       |                                     |               |              |                                   |               |              |
| 5         | .440                | 4.402         | 88.112       |                                     |               |              |                                   |               |              |
| 6         | .413                | 4.134         | 92.246       |                                     |               |              |                                   |               |              |
| 7         | .314                | 3.137         | 95.383       |                                     |               |              |                                   |               |              |
| 8         | .244                | 2.438         | 97.821       |                                     |               |              |                                   |               |              |
| 9         | .121                | 1.213         | 99.034       |                                     |               |              |                                   |               |              |
| 10        | .097                | .966          | 100.000      |                                     |               |              |                                   |               |              |

Extraction Method: Principal Component Analysis.

**Rotated Component Matrix<sup>a</sup>**

|     | Component |      |      |
|-----|-----------|------|------|
|     | 1         | 2    | 3    |
| EX4 | .919      |      |      |
| EX3 | .909      |      |      |
| EX2 | .886      |      |      |
| EX1 | .792      |      |      |
| CL2 |           | .936 |      |
| CL1 |           | .912 |      |
| CL3 |           | .855 |      |
| IL1 |           |      | .877 |
| IL2 |           |      | .774 |
| IL3 |           |      | .701 |

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.<sup>a</sup>

a. Rotation converged in 4 iterations.

**Factor of foreign partner characteristics**



**KMO and Bartlett's Test**

|  |      |         |
|--|------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |      | .685    |
| Approx. Chi-Square                               |      | 765.275 |
| Bartlett's Test of Sphericity                    | df   | 21      |
|  | Sig. | .000    |

**Total Variance Explained**

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              | Rotation Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| 1         | 3.403               | 48.608        | 48.608       | 3.403                               | 48.608        | 48.608       | 3.402                             | 48.605        | 48.605       |
| 2         | 1.802               | 25.746        | 74.354       | 1.802                               | 25.746        | 74.354       | 1.802                             | 25.749        | 74.354       |
| 3         | .864                | 12.338        | 86.692       |                                     |               |              |                                   |               |              |
| 4         | .482                | 6.881         | 93.573       |                                     |               |              |                                   |               |              |
| 5         | .214                | 3.059         | 96.631       |                                     |               |              |                                   |               |              |
| 6         | .138                | 1.975         | 98.607       |                                     |               |              |                                   |               |              |
| 7         | .098                | 1.393         | 100.000      |                                     |               |              |                                   |               |              |

Extraction Method: Principal Component Analysis.

**Rotated Component Matrix<sup>a</sup>**

|     | Component |      |
|-----|-----------|------|
|     | 1         | 2    |
| CT2 | .917      |      |
| CT4 | .895      |      |
| CT1 | .891      |      |
| CT3 | .878      |      |
| CT5 | .442      |      |
| WT2 |           | .945 |
| WT1 |           | .941 |

Extraction Method: Principal

Component Analysis.

Rotation Method: Varimax with

Kaiser Normalization.<sup>a</sup>

a. Rotation converged in 3 iterations.

Factor knowledge transfer mechanism

**KMO and Bartlett's Test**

|  |      |         |
|--|------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |      | .597    |
| Approx. Chi-Square                               |      | 222.917 |
| Bartlett's Test of Sphericity                    | df   | 10      |
|  | Sig. | .000    |

**Total Variance Explained**

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % |
| 1         | 2.228               | 44.560        | 44.560       | 2.228                               | 44.560        | 44.560       |
| 2         | 1.423               | 28.458        | 73.018       |                                     |               |              |
| 3         | .656                | 13.119        | 86.137       |                                     |               |              |
| 4         | .413                | 8.256         | 94.393       |                                     |               |              |
| 5         | .280                | 5.607         | 100.000      |                                     |               |              |

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

|      | Component |      |
|------|-----------|------|
|      |           | 1    |
| KTM5 |           | .755 |
| KTM4 |           | .715 |
| KTM2 |           | .658 |
| KTM1 |           | .606 |
| KTM3 |           | .588 |

Extraction Method: Principal Component Analysis.

a. 1 components extracted.

Factor knowledge transfer

KMO and Bartlett's Test

|  |         |
|--|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .507    |
| Approx. Chi-Square                               | 366.128 |
| Bartlett's Test of Sphericity                    | df      |
|  | 6       |
| Sig.   | .000    |

Total Variance Explained

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % |
| 1         | 2.130               | 53.251        | 53.251       | 2.130                               | 53.251        | 53.251       |
| 2         | 1.514               | 37.860        | 91.111       |                                     |               |              |
| 3         | .218                | 5.438         | 96.549       |                                     |               |              |
| 4         | .138                | 3.451         | 100.000      |                                     |               |              |

Extraction Method: Principal Component Analysis.

Component Matrix<sup>a</sup>

|     | Component |
|-----|-----------|
|     | 1         |
| KT4 | .796      |
| KT3 | .726      |
| KT2 | .709      |
| KT1 | .683      |

Extraction Method:  
Principal Component  
Analysis.

a. 1 components  
extracted.



Factor cultural distance

**KMO and Bartlett's Test**

|  |         |
|--|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | .798    |
| Approx. Chi-Square                               | 192.482 |
| Bartlett's Test of Sphericity df                 | 10      |
| Sig.   | .000    |

**Total Variance Explained**

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % |
| 1         | 2.644               | 52.885        | 52.885       | 2.644                               | 52.885        | 52.885       |
| 2         | .773                | 15.452        | 68.336       |                                     |               |              |
| 3         | .610                | 12.200        | 80.536       |                                     |               |              |
| 4         | .533                | 10.669        | 91.206       |                                     |               |              |
| 5         | .440                | 8.794         | 100.000      |                                     |               |              |

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

|     | Component |
|-----|-----------|
|     | 1         |
| CD5 | .767      |
| CD2 | .755      |
| CD4 | .747      |
| CD1 | .700      |
| CD3 | .660      |

Extraction Method: Principal Component Analysis.

a. 1 components extracted.



Factor IJV performance

**KMO and Bartlett's Test**

|  |      |         |
|--|------|---------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |      | .607    |
| Approx. Chi-Square                               |      | 286.524 |
| Bartlett's Test of Sphericity                    | df   | 21      |
|  | Sig. | .000    |

**Total Variance Explained**

| Component | Initial Eigenvalues |               |              | Extraction Sums of Squared Loadings |               |              |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|
|           | Total               | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % |
| 1         | 2.348               | 33.542        | 33.542       | 2.348                               | 33.542        | 33.542       |
| 2         | 1.715               | 24.505        | 58.047       |                                     |               |              |
| 3         | 1.137               | 16.248        | 74.295       |                                     |               |              |
| 4         | .640                | 9.141         | 83.436       |                                     |               |              |
| 5         | .475                | 6.791         | 90.227       |                                     |               |              |
| 6         | .396                | 5.652         | 95.879       |                                     |               |              |
| 7         | .288                | 4.121         | 100.000      |                                     |               |              |

Extraction Method: Principal Component Analysis.

**Component Matrix<sup>a</sup>**

|         | Component |
|---------|-----------|
|         | 1         |
| PEBus   | .708      |
| PEMak   | .675      |
| PEGoal  | .631      |
| PEProf  | .594      |
| PAMak   | .554      |
| PABus   | .489      |
| PAPProf | .306      |

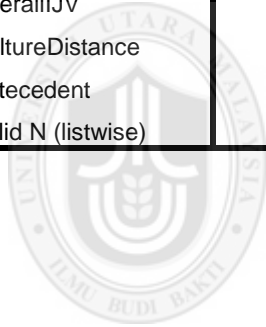
Extraction Method: Principal Component Analysis.

a. 1 components extracted.

## APPENDIX K

### Descriptive Statistics

|                    | N   | Minimum | Maximum | Mean   | Std. Deviation |
|--------------------|-----|---------|---------|--------|----------------|
| CL                 | 160 | 1.00    | 5.00    | 3.4896 | .96907         |
| IL                 | 160 | 1.67    | 5.00    | 3.7771 | .79632         |
| EX                 | 160 | 3.00    | 5.00    | 3.9464 | .61347         |
| LocalPartner       | 160 | 2.50    | 5.00    | 3.9368 | .59071         |
| CT                 | 160 | 1.40    | 5.00    | 3.6484 | .79801         |
| WT                 | 160 | 2.00    | 5.00    | 3.8646 | .62590         |
| ForeignPartner     | 160 | 1.93    | 5.00    | 3.8459 | .58306         |
| KnowledgeMech      | 160 | 2.33    | 4.83    | 3.8292 | .50354         |
| KnowledgeTransfer  | 160 | 2.00    | 5.00    | 3.6547 | .65928         |
| OverallIJV         | 160 | 2.00    | 5.00    | 3.7789 | .57151         |
| CultureDistance    | 160 | 2.60    | 4.40    | 3.3938 | .58468         |
| Antecedent         | 160 | 2.47    | 4.61    | 3.6608 | .36916         |
| Valid N (listwise) | 160 |         |         |        |                |



Universiti Utara Malaysia

## APPENDIX L

### Checking multicollinearity

**Variables Entered/Removed<sup>a</sup>**

| Model | Variables Entered  | Variables Removed | Method |
|-------|--|-------------------|--------|
| 1     | CultureDistance, KnowledgeMech, CL, EX, WT, CT, IL, KnowledgeTransfer <sup>b</sup> |                   | Enter  |

a. Dependent Variable: OverallIJV

b. All requested variables entered.

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .574 <sup>a</sup> | .330     | .294              | .43006                     | .330              | 9.290    | 8   | 151 | .000          | 1.799         |

a. Predictors: (Constant), CultureDistance, KnowledgeMach, CL, EX, WT, CT, IL, KnowledgeTransfer

b. Dependent Variable: OverallIJV

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | Df  | Mean Square | F     | Sig.              |
|-------|------------|----------------|-----|-------------|-------|-------------------|
| 1     | Regression | 13.745         | 8   | 1.718       | 9.290 | .000 <sup>b</sup> |
|       | Residual   | 27.927         | 151 | .185        |       |                   |
|       | Total      | 41.672         | 159 |             |       |                   |

a. Dependent Variable: OverallIJV

b. Predictors: (Constant), CultureDistance, KnowledgeMech, CL, EX, WT, CT, IL, KnowledgeTransfer

Coefficients<sup>a</sup>

| Model              | Unstandardized Coefficients |            | Standardized Coefficients | T      | Sig. | Correlations |            |         | Collinearity Statistics |           |
|--------------------|-----------------------------|------------|---------------------------|--------|------|--------------|------------|---------|-------------------------|-----------|
|                    | B                           | Std. Error |                           |        |      | Beta         | Zero-order | Partial | Partial                 | Tolerance |
| (Constant)         | 1.347                       | .431       |                           | 3.123  | .002 |              |            |         |                         |           |
| CL                 | .052                        | .038       | .101                      | 1.375  | .171 | .230         | .111       | .092    | .827                    | 1.210     |
| IL                 | -.063                       | .056       | -.085                     | -1.130 | .260 | .109         | -.092      | -.075   | .787                    | 1.271     |
| EX                 | -.030                       | .057       | -.036                     | -.526  | .600 | .032         | -.043      | -.035   | .943                    | 1.060     |
| CT                 | .046                        | .042       | .080                      | 1.098  | .274 | .197         | .089       | .073    | .834                    | 1.199     |
| WT                 | .223                        | .051       | .311                      | 4.407  | .000 | .396         | .338       | .294    | .891                    | 1.122     |
| Knowledge Mach     | .084                        | .073       | .082                      | 1.144  | .255 | .133         | .093       | .076    | .854                    | 1.171     |
| Knowledge Transfer | .277                        | .059       | .356                      | 4.723  | .000 | .447         | .359       | .315    | .780                    | 1.283     |
| CultureDistance    | .064                        | .059       | .073                      | 1.080  | .282 | .106         | .088       | .072    | .984                    | 1.017     |

a. Dependent Variable: OverallIJV

## APPENDIX M

### Independent Samples t -test

**Group Statistics**

|                   | Different nationality | N  | Mean   | Std. Deviation | Std. Error<br>Mean |
|-------------------|-----------------------|----|--------|----------------|--------------------|
| CL                | Thai                  | 78 | 3.3462 | 1.01709        | .11516             |
|                   | Foreigner             | 82 | 3.3171 | .95711         | .10569             |
| IL                | Thai                  | 78 | 3.7308 | .60076         | .06802             |
|                   | Foreigner             | 82 | 3.7033 | .76085         | .08402             |
| EX                | Thai                  | 78 | 3.9487 | .62465         | .07073             |
|                   | Foreigner             | 82 | 3.9421 | .60769         | .06711             |
| LocalPartner      | Thai                  | 78 | 3.6816 | .50468         | .05714             |
|                   | Foreigner             | 82 | 3.6541 | .49861         | .05506             |
| CT                | Thai                  | 78 | 3.3308 | .93965         | .10639             |
|                   | Foreigner             | 82 | 3.5195 | .84728         | .09357             |
| WT                | Thai                  | 78 | 3.6453 | .68237         | .07726             |
|                   | Foreigner             | 82 | 3.4959 | .74119         | .08185             |
| ForeignPartner    | Thai                  | 78 | 3.4880 | .54735         | .06198             |
|                   | Foreigner             | 82 | 3.5016 | .59821         | .06606             |
| KnowledgeMech     | Thai                  | 78 | 3.8420 | .45395         | .05140             |
|                   | Foreigner             | 82 | 3.8171 | .54910         | .06064             |
| KnwoledgeTransfer | Thai                  | 78 | 3.7019 | .60444         | .06844             |
|                   | Foreigner             | 82 | 3.6098 | .70830         | .07822             |
| OverallIJV        | Thai                  | 78 | 3.6886 | .46445         | .05259             |
|                   | Foreigner             | 82 | 3.6474 | .55549         | .06134             |
| CultureDistance   | Thai                  | 78 | 3.4205 | .61546         | .06969             |
|                   | Foreigner             | 82 | 3.3683 | .55642         | .06145             |

**Independent Samples Test**

|              |                             | Levene's Test for Equality of Variances |      | t-test for Equality of Means |         |                 |                 |                       |   |        |
|--------------|-----------------------------|---|------|------------------------------|---------|-----------------|-----------------|-----------------------|---|--------|
|              |                             | F                                       | Sig. | t                            | df      | Sig. (2-tailed) | Mean Difference | Std. Error Difference | 95% Confidence Interval of the Difference |        |
|              |                             |   |      |                              |         |                 |                 |                       | Lower                                     | Upper  |
| CL           | Equal variances assumed     | .391                                    | .533 | .186                         | 158     | .852            | .02908          | .15607                | -.27918                                   | .33734 |
|              | Equal variances not assumed |   |      | .186                         | 156.079 | .853            | .02908          | .15631                | -.27968                                   | .33784 |
| IL           | Equal variances assumed     | 3.175                                   | .077 | .253                         | 158     | .801            | .02752          | .10874                | -.18725                                   | .24228 |
|              | Equal variances not assumed |   |      | .255                         | 152.886 | .799            | .02752          | .10811                | -.18606                                   | .24109 |
| EX           | Equal variances assumed     | .326                                    | .569 | .068                         | 158     | .946            | .00664          | .09743                | -.18579                                   | .19908 |
|              | Equal variances not assumed |   |      | .068                         | 157.049 | .946            | .00664          | .09750                | -.18593                                   | .19922 |
| LocalPartner | Equal variances assumed     | .023                                    | .878 | .347                         | 158     | .729            | .02749          | .07933                | -.12920                                   | .18418 |
|              | Equal variances not assumed |   |      | .346                         | 157.387 | .729            | .02749          | .07936                | -.12925                                   | .18423 |
| CT           | Equal variances assumed     | .238                                    | .626 | -1.336                       | 158     | .184            | -.18874         | .14132                | -.46786                                   | .09037 |
|              | Equal variances not assumed |   |      | -1.332                       | 154.380 | .185            | -.18874         | .14168                | -.46863                                   | .09115 |

|                   |                       |       |      |       |         |      |        |        |         |        |
|-------------------|-----------------------|-------|------|-------|---------|------|--------|--------|---------|--------|
| WT                | Equal                 | 1.115 | .293 | 1.324 | 158     | .187 | .14936 | .11279 | -.07341 | .37214 |
|                   | variances assumed     |       |      |       |         |      |        |        |         |        |
|                   | Equal                 |       |      | 1.327 | 157.835 | .186 | .14936 | .11256 | -.07295 | .37168 |
|                   | variances not assumed |       |      |       |         |      |        |        |         |        |
| Foreign Partner   | Equal                 | 1.076 | .301 | -.150 | 158     | .881 | -      | .09078 | -.19290 | .16572 |
|                   | variances assumed     |       |      |       |         |      | .01359 |        |         |        |
|                   | Equal                 |       |      | -.150 | 157.767 | .881 | -      | .09058 | -.19250 | .16532 |
|                   | variances not assumed |       |      |       |         |      | .01359 |        |         |        |
| Kwledg eMech      | Equal                 | 3.744 | .055 | .312  | 158     | .756 | .02489 | .07987 | -.13286 | .18264 |
|                   | variances assumed     |       |      |       |         |      |        |        |         |        |
|                   | Equal                 |       |      | .313  | 155.025 | .755 | .02489 | .07949 | -.13213 | .18192 |
|                   | variances not assumed |       |      |       |         |      |        |        |         |        |
| Kwowed geTransfer | Equal                 | 3.216 | .075 | .883  | 158     | .378 | .09217 | .10435 | -.11393 | .29826 |
|                   | variances assumed     |       |      |       |         |      |        |        |         |        |
|                   | Equal                 |       |      | .887  | 156.195 | .377 | .09217 | .10393 | -.11313 | .29746 |
|                   | variances not assumed |       |      |       |         |      |        |        |         |        |
| Overall JV        | Equal                 | .571  | .451 | .508  | 158     | .612 | .04121 | .08116 | -.11909 | .20151 |
|                   | variances assumed     |       |      |       |         |      |        |        |         |        |
|                   | Equal                 |       |      | .510  | 155.473 | .611 | .04121 | .08080 | -.11840 | .20082 |
|                   | variances not assumed |       |      |       |         |      |        |        |         |        |
| Culture Distanc e | Equal                 | 1.516 | .220 | .563  | 158     | .574 | .05222 | .09267 | -.13082 | .23526 |
|                   | variances assumed     |       |      |       |         |      |        |        |         |        |
|                   | Equal                 |       |      | .562  | 154.497 | .575 | .05222 | .09291 | -.13131 | .23575 |
|                   | variances not assumed |       |      |       |         |      |        |        |         |        |

## APPENDIX N

### Regression analysis test

1 The regression analysis between CL and Knowledge transfer

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .160 <sup>a</sup> | .026     | .019              | .65287                     | .026              | 4.135    | 1   | 158 | .044          | 1.713         |

a. Predictors: (Constant), CL

b. Dependent Variable: KnowledgeTransfer

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | Df  | Mean Square | F     | Sig.              |
|-------|------------|----------------|-----|-------------|-------|-------------------|
| 1     | Regression | 1.762          | 1   | 1.762       | 4.135 | .044 <sup>b</sup> |
|       | Residual   | 67.347         | 158 | .426        |       |                   |
|       | Total      | 69.109         | 159 |             |       |                   |

a. Dependent Variable: Knowledge Transfer

b. Predictors: (Constant), CL

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | 95.0% Confidence Interval for B |             | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|--------|------|---------------------------------|-------------|-------------------------|-------|
|       |            | B                           | Std. Error |                           |        |      | Lower Bound                     | Upper Bound | Tolerance               | VIF   |
| 1     | (Constant) | 3.298                       | .183       |                           | 18.047 | .000 | 2.937                           | 3.659       |                         |       |
|       | CL         | .107                        | .053       | .160                      | 2.033  | .044 | .003                            | .211        | 1.000                   | 1.000 |

a. Dependent Variable: Knowledge Transfer



2 The regression between IL and Knowledge transfer

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .298 <sup>a</sup> | .089     | .083              | .63127                     | .089              | 15.424   | 1   | 158 | .000          | 1.726         |

a. Predictors: (Constant), IL

b. Dependent Variable: KnowledgeTransfer

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | Df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 6.146          | 1   | 6.146       | 15.424 | .000 <sup>b</sup> |
|       | Residual   | 62.963         | 158 | .398        |        |                   |
|       | Total      | 69.109         | 159 |             |        |                   |

a. Dependent Variable: KnowledgeTransfer

b. Predictors: (Constant), IL

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1     | (Constant) | 2.589                       | .276       |                           | 9.380 | .000 |                         |       |
|       | IL         | .287                        | .073       | .298                      | 3.927 | .000 | 1.000                   | 1.000 |

a. Dependent Variable: KnowledgeTransfer

3. The regression between Ex and knowledge transfer

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F     | Sig.              |
|-------|------------|----------------|-----|-------------|-------|-------------------|
| 1     | Regression | 1.661          | 1   | 1.661       | 3.890 | .050 <sup>b</sup> |
|       | Residual   | 67.448         | 158 | .427        |       |                   |
|       | Total      | 69.109         | 159 |             |       |                   |

a. Dependent Variable: KnowledgeTransfer

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .155 <sup>a</sup> | .024     | .018              | .65337                     | .024              | 3.890    | 1   | 158 | .050          | 1.693         |

a. Predictors: (Constant), EX

b. Dependent Variable: KnowledgeTransfer

b. Predictors: (Constant), EX

**Coefficients<sup>a</sup>**

| Model |            | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|-------|------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|       |            | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1     | (Constant) | 2.998                       | .337       |                           | 8.900 | .000 |                         |       |
|       | EX         | .166                        | .084       | .155                      | 1.972 | .050 | 1.000                   | 1.000 |

a. Dependent Variable: KnowledgeTransfer

4. The regression between CT and Knowledge transfer

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .301 <sup>a</sup> | .090     | .085              | .63078                     | .090              | 15.690   | 1   | 158 | .000          | 1.877         |

a. Predictors: (Constant), CT

b. Dependent Variable: KnowledgeTransfer

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 6.243          | 1   | 6.243       | 15.690 | .000 <sup>b</sup> |
|       | Residual   | 62.866         | 158 | .398        |        |                   |
|       | Total      | 69.109         | 159 |             |        |                   |

a. Dependent Variable: KnowledgeTransfer

b. Predictors: (Constant), CT

**Coefficients<sup>a</sup>**

| Model        | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|--------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|              | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| 1 (Constant) | 2.896                       | .198       |                           | 14.642 | .000 |                         |       |
| CT           | .221                        | .056       | .301                      | 3.961  | .000 | 1.000                   | 1.000 |

a. Dependent Variable: KnowledgeTransfer

5 The regression between WT and Knowledge transfer

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .192 <sup>a</sup> | .037     | .031              | .64899                     | .037              | 6.079    | 1   | 158 | .015          | 1.766         |

a. Predictors: (Constant), WT

b. Dependent Variable: KnowledgeTransfer

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F     | Sig.              |
|-------|------------|----------------|-----|-------------|-------|-------------------|
| 1     | Regression | 2.561          | 1   | 2.561       | 6.079 | .015 <sup>b</sup> |
|       | Residual   | 66.548         | 158 | .421        |       |                   |
|       | Total      | 69.109         | 159 |             |       |                   |

a. Dependent Variable: KnowledgeTransfer

b. Predictors: (Constant), WT

**Coefficients<sup>a</sup>**

| Model        | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. | Collinearity Statistics |       |
|--------------|-----------------------------|------------|---------------------------|--------|------|-------------------------|-------|
|              | B                           | Std. Error | Beta                      |        |      | Tolerance               | VIF   |
| 1 (Constant) | 3.021                       | .262       |                           | 11.530 | .000 |                         |       |
| WT           | .178                        | .072       | .192                      | 2.466  | .015 | 1.000                   | 1.000 |

a. Dependent Variable: KnowledgeTransfer

6 The regression between knowledge transfer mechanism and Knowledge transfer

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .251 <sup>a</sup> | .063     | .057              | .64025                     | .063              | 10.589   | 1   | 158 | .001          | 1.798         |

a. Predictors: (Constant), KnowledgeMech

b. Dependent Variable: KnowledgeTransfer

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 4.341          | 1   | 4.341       | 10.589 | .001 <sup>b</sup> |
|       | Residual   | 64.768         | 158 | .410        |        |                   |
|       | Total      | 69.109         | 159 |             |        |                   |

a. Dependent Variable: KnowledgeTransfer

b. Predictors: (Constant), KnowledgeMech

**Coefficients<sup>a</sup>**

| Model | Unstandardized Coefficients |            | Standardized Coefficients | t    | Sig.  | Collinearity Statistics |       |
|-------|-----------------------------|------------|---------------------------|------|-------|-------------------------|-------|
|       | B                           | Std. Error | Beta                      |      |       | Tolerance               | VIF   |
| 1     | (Constant)                  | 2.398      | .389                      |      | 6.158 | .000                    |       |
|       | KnowledgeMech               | .328       | .101                      | .251 | 3.254 | .001                    | 1.000 |

a. Dependent Variable: KnowledgeTransfer

7. The regression between CL, IL, EX, CT, WT, Knowledge transfer mechanism and Knowledge transfer

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .469 <sup>a</sup> | .220     | .189              | .59356                     | .220              | 7.193    | 6   | 153 | .000          | 1.866         |

a. Predictors: (Constant), KnowledgeMach, CL, EX, WT, CT, IL

b. Dependent Variable: KnowledgeTransfer

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | Df  | Mean Square | F     | Sig.              |
|-------|------------|----------------|-----|-------------|-------|-------------------|
| 1     | Regression | 15.205         | 6   | 2.534       | 7.193 | .000 <sup>b</sup> |
|       | Residual   | 53.904         | 153 | .352        |       |                   |
|       | Total      | 69.109         | 159 |             |       |                   |

a. Dependent Variable: KnowledgeTransfer

b. Predictors: (Constant), KnowledgeMach, CL, EX, WT, CT, IL

8. The regression between Local partner, foreign partner, Knowledge transfer mechanism and Knowledge transfer

**Model Summary<sup>b</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .451 <sup>a</sup> | .203     | .188              | .59402                     | .203              | 13.285   | 3   | 156 | .000          | 1.886         |

a. Predictors: (Constant), KnowledgeMech, ForeignPartner, LocalPartner

b. Dependent Variable: KnowledgeTransfer

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | Df  | Mean Square | F      | Sig.              |
|-------|------------|----------------|-----|-------------|--------|-------------------|
| 1     | Regression | 14.063         | 3   | 4.688       | 13.285 | .000 <sup>b</sup> |
|       | Residual   | 55.046         | 156 | .353        |        |                   |
|       | Total      | 69.109         | 159 |             |        |                   |

a. Dependent Variable: Knowledge Transfer

b. Predictors: (Constant), KnowledgeMach, ForeignPartner, LocalPartner

**Coefficients<sup>a</sup>**

| Model |                | Unstandardized Coefficients |            | Standardized Coefficients | t     | Sig. | Collinearity Statistics |       |
|-------|----------------|-----------------------------|------------|---------------------------|-------|------|-------------------------|-------|
|       |                | B                           | Std. Error | Beta                      |       |      | Tolerance               | VIF   |
| 1     | (Constant)     | .696                        | .490       |                           | 1.420 | .158 |                         |       |
|       | LocalPartner   | .232                        | .103       | .176                      | 2.252 | .026 | .833                    | 1.201 |
|       | ForeignPartner | .317                        | .089       | .276                      | 3.576 | .000 | .860                    | 1.163 |
|       | KnowledgeMech  | .260                        | .095       | .199                      | 2.731 | .007 | .964                    | 1.038 |

a. Dependent Variable: Knowledge Transfer

## APPENDIX O

### 9. The regression between overall knowledge transfer (KTU2) and IJV firm performance

**Descriptive Statistics**

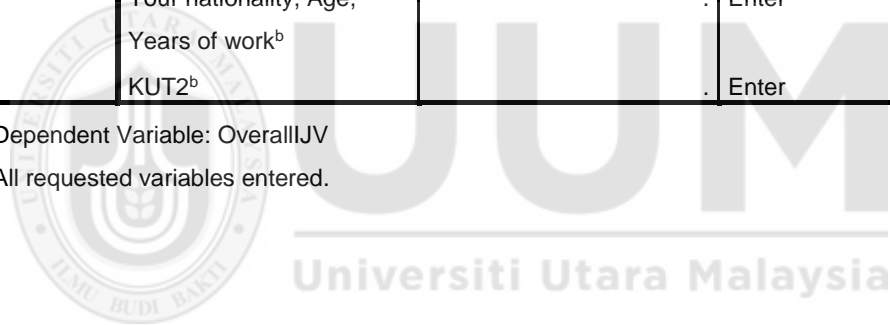
|                  | Mean   | Std. Deviation | N   |
|------------------|--------|----------------|-----|
| OverallIJV       | 3.6674 | .51194         | 160 |
| Age              | 3.20   | .652           | 160 |
| Years of work    | 2.39   | .847           | 160 |
| Your nationality | 4.31   | 4.101          | 160 |
| KUT2             | 3.6391 | .37942         | 160 |

**Variables Entered/Removed<sup>a</sup>**

| Model | Variables Entered                                 | Variables Removed | Method |
|-------|---|-------------------|--------|
| 1     | Your nationality, Age, Years of work <sup>b</sup> | .                 | Enter  |
| 2     | KUT2 <sup>b</sup>                                 | .                 | Enter  |

a. Dependent Variable: OverallIJV

b. All requested variables entered.



**Model Summary<sup>c</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .036 <sup>a</sup> | .001     | -.018             | .51650                     | .001              | .069     | 3   | 156 | .976          | 2.225         |
| 2     | .435 <sup>b</sup> | .189     | .169              | .46681                     | .188              | 35.981   | 1   | 155 | .000          |               |

a. Predictors: (Constant), Your nationality, Age, Years of work

b. Predictors: (Constant), Your nationality, Age, Years of work, KUT2

c. Dependent Variable: OverallIJV

**ANOVA<sup>a</sup>**

| Model |            | Sum of Squares | df  | Mean Square | F     | Sig.              |
|-------|------------|----------------|-----|-------------|-------|-------------------|
| 1     | Regression | .055           | 3   | .018        | .069  | .976 <sup>b</sup> |
|       | Residual   | 41.617         | 156 | .267        |       |                   |
|       | Total      | 41.672         | 159 |             |       |                   |
| 2     | Regression | 7.896          | 4   | 1.974       | 9.059 | .000 <sup>c</sup> |
|       | Residual   | 33.776         | 155 | .218        |       |                   |
|       | Total      | 41.672         | 159 |             |       |                   |

a. Dependent Variable: OverallIJV

b. Predictors: (Constant), Your nationality, Age, Years of work

c. Predictors: (Constant), Your nationality, Age, Years of work, KUT2



**Coefficients<sup>a</sup>**

| Model |                  | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|------------------|-----------------------------|------------|---------------------------|--------|------|
|       |                  | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)       | 3.726                       | .225       |                           | 16.562 | .000 |
|       | Age              | -.023                       | .064       | -.029                     | -.354  | .724 |
|       | Years of work    | .010                        | .049       | .017                      | .208   | .835 |
|       | Your nationality | -.003                       | .010       | -.020                     | -.253  | .801 |
| 2     | (Constant)       | 1.406                       | .437       |                           | 3.218  | .002 |
|       | Age              | -.001                       | .058       | -.002                     | -.021  | .983 |
|       | Years of work    | .039                        | .045       | .065                      | .877   | .382 |
|       | Your nationality | .003                        | .009       | .022                      | .298   | .766 |
|       | KUT2             | .594                        | .099       | .440                      | 5.998  | .000 |

a. Dependent Variable: OverallJV

**Residuals Statistics<sup>a</sup>**

|                      | Minimum  | Maximum | Mean   | Std. Deviation | N   |
|----------------------|----------|---------|--------|----------------|-----|
| Predicted Value      | 3.0274   | 4.1284  | 3.6674 | .22284         | 160 |
| Residual             | -1.75360 | 1.39719 | .00000 | .46090         | 160 |
| Std. Predicted Value | -2.872   | 2.069   | .000   | 1.000          | 160 |
| Std. Residual        | -3.757   | 2.993   | .000   | .987           | 160 |

a. Dependent Variable: OverallJV

## APPENDIX P

### Hierarchical Regression analysis test

#### 10. The regression between overall knowledge transfer (KTU2) and IJV firma performance

**Variables Entered/Removed<sup>a</sup>**

| Model | Variables Entered                                 | Variables Removed | Method |
|-------|---|-------------------|--------|
| 1     | Your nationality, Age, Years of work <sup>b</sup> | .                 | Enter  |
| 2     | KUT2 <sup>b</sup>                                 | .                 | Enter  |
| 3     | CultureDistance <sup>b</sup>                      | .                 | Enter  |
| 4     | ZKUT2_ZSco01 <sup>b</sup>                         | .                 | Enter  |

a. Dependent Variable: OverallIJV

b. All requested variables entered.

**Model Summary<sup>e</sup>**

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics |          |     |     |               | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|---------------|---------------|
|       |                   |          |                   |                            | R Square Change   | F Change | df1 | df2 | Sig. F Change |               |
| 1     | .036 <sup>a</sup> | .001     | -.018             | .51650                     | .001              | .069     | 3   | 156 | .976          |               |
| 2     | .435 <sup>b</sup> | .189     | .169              | .46681                     | .188              | 35.981   | 1   | 155 | .000          |               |
| 3     | .439 <sup>c</sup> | .193     | .167              | .46737                     | .003              | .628     | 1   | 154 | .429          |               |
| 4     | .439 <sup>d</sup> | .193     | .161              | .46889                     | .000              | .002     | 1   | 153 | .960          | 2.225         |

a. Predictors: (Constant), Your nationality, Age, Years of work

b. Predictors: (Constant), Your nationality, Age, Years of work, KUT2

c. Predictors: (Constant), Your nationality, Age, Years of work, KUT2, CultureDistance

d. Predictors: (Constant), Your nationality, Age, Years of work, KUT2, CultureDistance, ZKUT2\_ZSco01

e. Dependent Variable: OverallIJV

ANOVA<sup>a</sup>

| Model |            | Sum of Squares | df  | Mean Square | F     | Sig.              |
|-------|------------|----------------|-----|-------------|-------|-------------------|
| 1     | Regression | .055           | 3   | .018        | .069  | .976 <sup>b</sup> |
|       | Residual   | 41.617         | 156 | .267        |       |                   |
|       | Total      | 41.672         | 159 |             |       |                   |
| 2     | Regression | 7.896          | 4   | 1.974       | 9.059 | .000 <sup>c</sup> |
|       | Residual   | 33.776         | 155 | .218        |       |                   |
|       | Total      | 41.672         | 159 |             |       |                   |
| 3     | Regression | 8.033          | 5   | 1.607       | 7.355 | .000 <sup>d</sup> |
|       | Residual   | 33.639         | 154 | .218        |       |                   |
|       | Total      | 41.672         | 159 |             |       |                   |
| 4     | Regression | 8.033          | 6   | 1.339       | 6.090 | .000 <sup>e</sup> |
|       | Residual   | 33.638         | 153 | .220        |       |                   |
|       | Total      | 41.672         | 159 |             |       |                   |

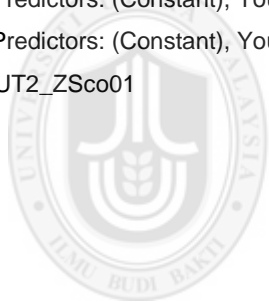
a. Dependent Variable: OverallIJV

b. Predictors: (Constant), Your nationality, Age, Years of work

c. Predictors: (Constant), Your nationality, Age, Years of work, KUT2

d. Predictors: (Constant), Your nationality, Age, Years of work, KUT2, CultureDistance

e. Predictors: (Constant), Your nationality, Age, Years of work, KUT2, CultureDistance, ZKUT2\_ZSco01



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**Coefficients<sup>a</sup>**

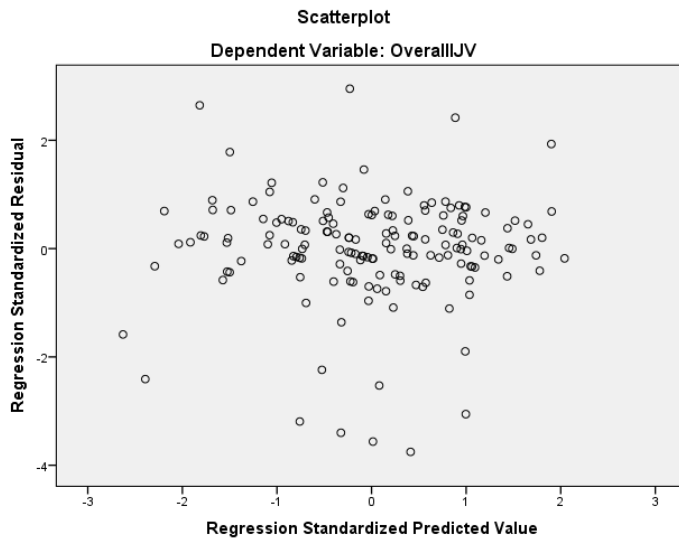
| Model |                  | Unstandardized Coefficients |            | Standardized Coefficients | t      | Sig. |
|-------|------------------|-----------------------------|------------|---------------------------|--------|------|
|       |                  | B                           | Std. Error | Beta                      |        |      |
| 1     | (Constant)       | 3.726                       | .225       |                           | 16.562 | .000 |
|       | Age              | -.023                       | .064       | -.029                     | -.354  | .724 |
|       | Years of work    | .010                        | .049       | .017                      | .208   | .835 |
|       | Your nationality | -.003                       | .010       | -.020                     | -.253  | .801 |
| 2     | (Constant)       | 1.406                       | .437       |                           | 3.218  | .002 |
|       | Age              | -.001                       | .058       | -.002                     | -.021  | .983 |
|       | Years of work    | .039                        | .045       | .065                      | .877   | .382 |
|       | Your nationality | .003                        | .009       | .022                      | .298   | .766 |
| 3     | KUT2             | .594                        | .099       | .440                      | 5.998  | .000 |
|       | (Constant)       | 1.276                       | .467       |                           | 2.729  | .007 |
|       | Age              | -.001                       | .058       | -.001                     | -.019  | .985 |
|       | Years of work    | .034                        | .045       | .057                      | .760   | .449 |
|       | Your nationality | .003                        | .009       | .022                      | .308   | .759 |
| 4     | KUT2             | .585                        | .100       | .433                      | 5.868  | .000 |
|       | CultureDistance  | .051                        | .064       | .058                      | .792   | .429 |
|       | (Constant)       | 1.279                       | .475       |                           | 2.695  | .008 |
|       | Age              | -.001                       | .058       | -.002                     | -.022  | .982 |
|       | Years of work    | .034                        | .045       | .057                      | .758   | .450 |
|       | Your nationality | .003                        | .009       | .022                      | .302   | .763 |
|       | KUT2             | .584                        | .102       | .433                      | 5.753  | .000 |
|       | CultureDistance  | .051                        | .065       | .058                      | .789   | .431 |
|       | ZKUT2_ZSco01     | .002                        | .037       | .004                      | .050   | .960 |

a. Dependent Variable: OverallIJV

**Residuals Statistics<sup>a</sup>**

|                      | Minimum  | Maximum | Mean   | Std. Deviation | N   |
|----------------------|----------|---------|--------|----------------|-----|
| Predicted Value      | 3.0767   | 4.1260  | 3.6674 | .22478         | 160 |
| Residual             | -1.76017 | 1.38432 | .00000 | .45996         | 160 |
| Std. Predicted Value | -2.628   | 2.040   | .000   | 1.000          | 160 |
| Std. Residual        | -3.754   | 2.952   | .000   | .981           | 160 |

a. Dependent Variable: OverallIJV



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