MASTERARBEIT | MASTER'S THESIS

Titel | Title

Market entry mode theories and joint venture – a semi-systematic literature review

verfasst von | submitted by

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angestrebter akademischer Grad | in partial fulfilment of the requirements for the degree of

Master of Science (MSc)

Wien | Vienna, 2025

Studienkennzahl lt. Studienblatt | Degree programme code as it appears on the student record sheet:	UA 066 914
Studienrichtung lt. Studienblatt | Degree programme as it appears on the student record sheet:	Masterstudium Internationale Betriebswirtschaft
Betreut von | Supervisor:	ao. Univ.-Prof. i.R. Mag. Dr. Josef Windsperger

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Acronyms

E.g.	Example given
EJV	Equity joint venture
FDI	Foreign direct investment
IB	International business
IJV	International joint venture
JV	Joint venture
MNE	Multinational enterprise
RBV	Resource based view
SME	Small medium enterprise
TCT	Transaction cost theory
WOS	Wholly owned subsidiaries

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Abstract

The question of market entry mode choice is complex and has been studied for the past 40 years. As complex as the topic so are the underlying theories of the decision process. In this semi-systematic literature review the focus lies on analyzing theoretical approaches and resolving the horserace of which theory is best with a focus on joint venture as entry mode. It helps the academic field and managers to understand which theories are most applicable and useful in the decision-making process and which theories interplay and complement each other. It also provides the fundament for more comprehensive theories and models. The thesis concludes that a holistic model of entry mode relies on transaction specific variables and the uncertainty retrieved from institutional and cultural differences by including the culture, experience, behavioral preferences of the own agents of the expanding company.

Die Frage nach der richtigen Markteintrittsstrategie ist komplex und wurde in den letzten 40 Jahren untersucht. So komplex wie das Thema, so auch die unterliegenden Theorien für die Entscheidungsfindung. In dieser semi-systematischen Literarbeit liegt der Fokus darauf, die unterliegenden Theorien zu analysieren und das "Pferderennen" der besten Theorie zu entscheiden unter Berücksichtigung von Joint Venture als Vergleich zu anderen Eintrittsstrategie. Die Arbeit hilft dem akademischen Feld und Managern zu verstehen, welche Theorie am besten verwendet werden sollte und welche Zusammenhänge zwischen den Theorien existieren. Die Thesis zieht als Resultat, dass ein holistisches Modell zur Findung der Eintrittsstrategie, basierend auf transaktionskostenspezifischen Variablen und der Unsicherheit, die aus institutionellen und kulturellen Unterschieden entsteht, entwickelt werden sollte. Dabei wird auf die Kultur, die Erfahrung und das bevorzugte Verhalten der eigenen Agenten der expandierenden Firma Bezug genommen.

1. Introduction

This thesis focuses on the question of which entry mode is the best choice for an expanding company. This is accomplished by investigating underlying theories and frameworks that help us understand such endeavors. The aim of the thesis is to provide insights to better understand and resolve the competition among entry mode theories, determining which are the most useful and applicable.

The literature provides various theories and variables that help us to decide between entry modes and for or against IJVs formation. The results of the review suggest further investigation into how theories vary based on the preconditions of the focal company and to investigate further frameworks to analyze complex variables. Existing literature mostly focuses on the narratives and parts of the question of entry mode decision but lacks a comprehensive understanding of which theories are most applicable and how theories interplay to gain deeper insight into the entry mode decision. The thesis also focuses on incoherent assumptions and results throughout the history of entry mode research.

The purpose of this paper is to understand the importance and function of entry mode theories and to help managers and researchers make the right assumptions regarding the question of which entry mode is the best choice for their international company, either JV or other entry modes. It should help the academic field in understanding which theories are most applicable and useful in the decision-making process. To answer the question, a semi-systematic literature review was chosen as an appropriate method. The thesis examines 52 papers that use diverse theories in the pursuit of answering the research question of entry mode decisions. To answer the question, the hypothesis, the corresponding variables, and the supporting theories are analyzed, synthesized, and discussed.

Entry mode choices can be diverse but the most complex and compared to other forms like contracting is Joint Venture (JV) and wholly owned subsidiary (WOS) (Duanmu, 2011). The choice of entry modes can be challenging decision with many options to choose from. Exporting, licensing, joint venture or sole venture to name a view (Agarwal & Ramaswami, 1992). Early frontiers of entry mode research distinguished entry modes on the level of equity interests in the defined control modes. There are high-control modes like WOS, medium-control modes with balanced interests like equal partner ventures and low-control modes that have diffused interests among smaller shareholders or forms of contracting that have inherent lower control (Anderson & Gatignon, 1986).

The consolidated viewpoints in the extensive IB literature IJVs can be defined as a subset of international strategic alliances. IJVs are collaborative organizational arrangements where two or more independent entities create and uphold a detached legal unit to pursue joint strategic goals with at least one entity located in another country. They can be considered strategic as they aim to accomplish long-standing goals that significantly impact the position of the parent firms relative to competitors (Nippa & Reuer, 2019). "IJVs can take many forms" (Buckley & Casson, 1996) The formation of IJVs that are based on sharing equity combine various resources such as knowledge on technology or market conditions.

1.1. Introduction to IJV Theories

Theories for internationalization and entry mode emerged in the 1930s and developed over the years. Nowadays theories are split into paradigms such as imperfection paradigm, behavioral paradigm and market failure paradigm. These concepts explain strategic decision-making for successful internationalization (P. Andersen & Chan, 2014). The following paragraph introduces relevant theories regarding to internationalization. Several theoretical approaches are used in the field of IJVs, varying in levels of analysis and the application of different variables when conducting a study.

1.1.1. Introduction to Monopolistic Advantage Theory

Stephen Hymer a renowned economist proposed that firms with unique and hard-to-copy assets should pursue FDI to maximize their returns and offset high international costs. Otherwise, companies should preferer licensing. The choice to expand internationally is derived from competitive market imperfections of the home country including limited economies of scale and knowledge-based advantages which allow firms to expand their monopolistic power in foreign markets. Hymer's work was seminal for the development of further theories of international business, economies and FDI such as the eclectic model, internalization theory and resource base view (Andersen & Chan, 2014). Hymers perspective was utilized to identify how industry structure influences the choice of entry mode. Hymer (1976) proposed that firms can gain competitive advantage through unique and hard-to-imitate assets e.g. a strong brand reputation or superior products. Those assets are beneficial from the perspective of this theory but don't cover for other risks and challenges such as "liabilities of foreignness". That embarks unfamiliarity with local regulations and culture and the conditions of the market. To face those disadvantages a firm must select an entry mode that mitigates the risks of the host country's industry characteristics. From this perspective the goal is to balance between risks of foreignness and advantages that arise from other markets (Elango & Sambharya, 2004).

1.1.2. Introduction to Internationalization Theory

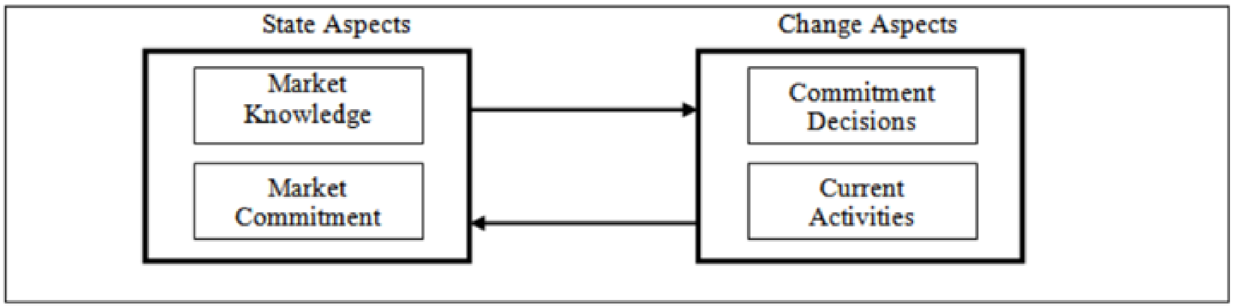
In Internationalization theory various concepts are incorporated. It is based on Penrose's theory of firm growth, behavioral theory and psychic distance of host and entry market. The theory describes an incremental approach to internationalization and develops on business networks, learning, trust-building and creation of opportunities. Furthermore, organizational learning is embedded hence the gradual expansion of a company relies on experience towards international activities (Andersen & Chan, 2014).

As said Internationalization theory includes various concepts and aims to explain a stepwise process how a company develops to an international entity. From the early beginning the theory incorporated stages such as:

- Nonregular export
- Export through independent reps
- Own foreign sales subsidiaries
- Owned foreign production and manufacturing units

The ongoing of this chain is mainly driven by the knowledge about a market and thus leading to more market commitment and vice versa more market commitment leading to more knowledge of the market. Knowledge can be taught or built by experience and experimenting of the company and its agents. Psychic distance is a benchmark which explains in the choice of the next target market. Based on the perceived psychic distance managers decide which market to target next. Over the years the deterministic approach of this model was criticized. Especially cooperative modes such as IJV are not considered in the framework, The theory furthermore does not fit to the full range of business branches e.g. the service industry (Andersen, 1997).

Figure 1: Uppsala Model



Source: Andersen & Chan (2014, p. 47)

By 2020 the Uppsala Model was extended by six dimensions of internationalization. First being sales objects, second operations methods, then markets, organizational structure, finance and personnel (Hollensen, 2020).

1.1.3. Introduction to Networks Theory

Network theory is based on key concepts of the social network perspective. It encompasses the relationship between other firms. Companies influence each other's decisions and business practices. This results in the propensity that companies are more willing to peruse alliances with companies they had already existing experiences with. This stems from preexisting trust and leads to lower uncertainty. Additionally, there is relation embeddedness and structural embeddedness. Relational embeddedness focuses on the ties directly between firms that result in better cooperation and successful alliances. Structural embeddedness implies that a firm is positioned in an even broader network. The better the position is regarding resources and information the more attractive a partner becomes for an alliance formation. The formation of alliances is a result of either already existing partnerships or on referrals of trusted partners. The governance of such alliances is also built on trust and the nature of the relationship. Strong trust-based relationships might lead to more loose and more even governance structures. The same is valid for the performance as mutual understanding and trust reduces opportunistic behavior and better coordination (Gulati, 1998).

Networks can be described as engaging companies that collaborate in production, the distribution of products and common use of goods and services. The interacting companies rely on each other in these systems. The collaboration of companies is mandatory to get access to external resources and the possibility to sell products. This requires the establishment of relationships to other companies which takes time and effort and can change over time. To enter a new market companies, have to exit old relationships or adding new to existing ones and compare their objectives that might diverge on micro and macro levels. The levels describe the embeddedness of companies to another company or to the whole network of companies. International networks can be sectioned into geographics, products and techniques or joint use of assets. Networks can be established by positioning the company in relation to its counterparts (international extension), increasing resource commitments (penetration) and to enhance the co-ordination of positions in the other nets as well. Internalization can also be driven by strong networks as internalization ca be derived from strong international networks (Johanson & Mattsson, 1988).

1.1.4. Introduction to Internalization theory

Internalization theory explains the growth of companies and MNEs and how they internationalize. It is a result of market imperfections and the beneficial effect of internalization on efficiency (Buckley, 2018). This theory is marked by the seminal work of Buckley & Casson (1976) and is built on the idea that companies internalize external production sites when the costs of external collaboration are too high and if the licensing of firm specific assets are too risky or inefficient.

Internalization was first introduced by Peter J. Buckley and Mark C. Casson and is rooted in the seminal works of Ronald Coase, Stephen Hymer, John McManus, and Jean-François Hennart. It was further developed through transaction cost theory. The essence of internalization theory is that cross-border activities are more efficiently managed internally within the company rather than through external market mechanisms. By exploiting firm-specific assets, such as embedded knowledge, companies can more easily overcome additional costs and risks. Firm-specific assets can be further divided into non-location-bound firm-specific advantages, such as technological, administrative, or marketing knowledge, and location-bound firm-specific advantages, such as access to prime retail locations or established networks. These assets can also be categorized into resources and optimal business routines that hold value primarily in the home country. The fundamental logic of internalization theory lies in the recombination of firm-specific and location-specific advantages from both the home and host countries to create value for the company (Verbeke & Kano, 2015).

1.1.5. Introduction to Eclectic Theory (OLI Model)

The Eclectic Theory originated from Dunning (1977) and integrates insights from several foundational frameworks to explain the drivers of foreign direct investment (FDI). It inhabits several frameworks such as ownership advantages derived from Penrose (1959), Hymers monopolistic advantage theory (1960), Vernon's explanations of localization advantages (1966, 1974) and transaction cost perspectives respective Buckley & Casson (1976) and furtherly internationalization theory.

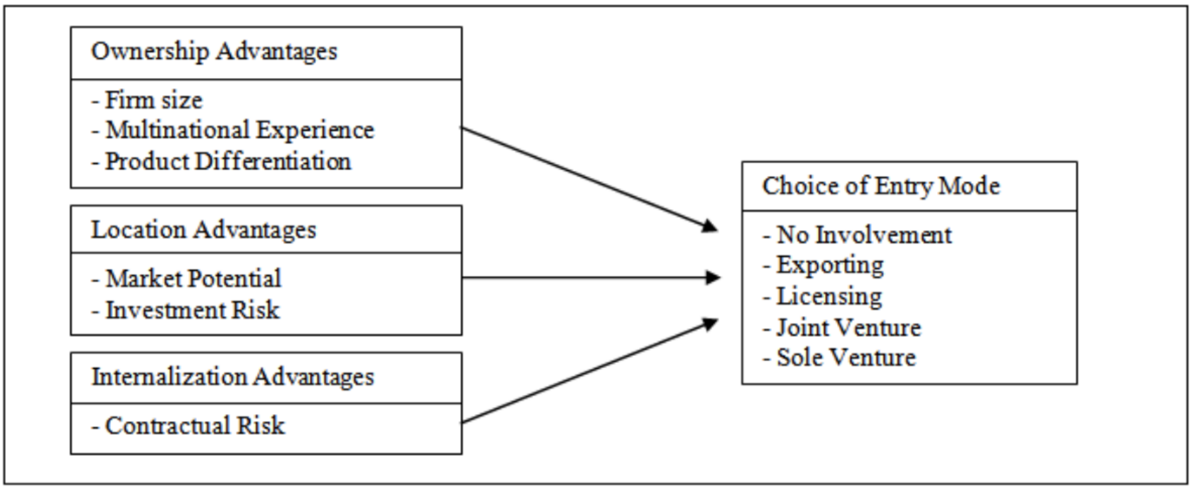
By means of the theory companies decide upon ownership, location and internalization advantages if they should involve in FDI or not (Andersen & Chan, 2014).

Ownership advantages are superior assets and skills which are imperative to compete with host country firms. The sharing of knowledge involves risk hence the partner could become a competitor in the future. Firms that have advancements trough high resources and asset power are in favor of both sole and JV. But firm size is positively correlated with WOS hence large enterprises are more capable of absorbing high costs of market expansion. Firms that have experience in multinational operations tend to choose investment modes whereas to less experienced enterprises are more in favor to choose non-investment entry modes.

Another part of the framework are location advantages. Firms are more in favor to adapt a strategy where they preferer attractive markets to maximize returns. They also look on the potential of markets with the intention to build long term presences. This regards markets size and growth potential. As policies might hinder a lasting presence and a successful market entry, firms must respect the risk of investment and examine political conditions.

The contractual risk of internalization involves bureaucratic issues by high transaction rates can be prevented by low control modes. Nevertheless, higher costs might occur when unpredictable contingencies and alternative markets exist leading to higher costs for enforcing and writing contracts. Contract costs tend to be higher by high uncertainty favoring sole ventures or exporting modes hence the heightened control over assets and skills (Agarwal & Ramaswami 1992).

Figure 2: OLI Framework



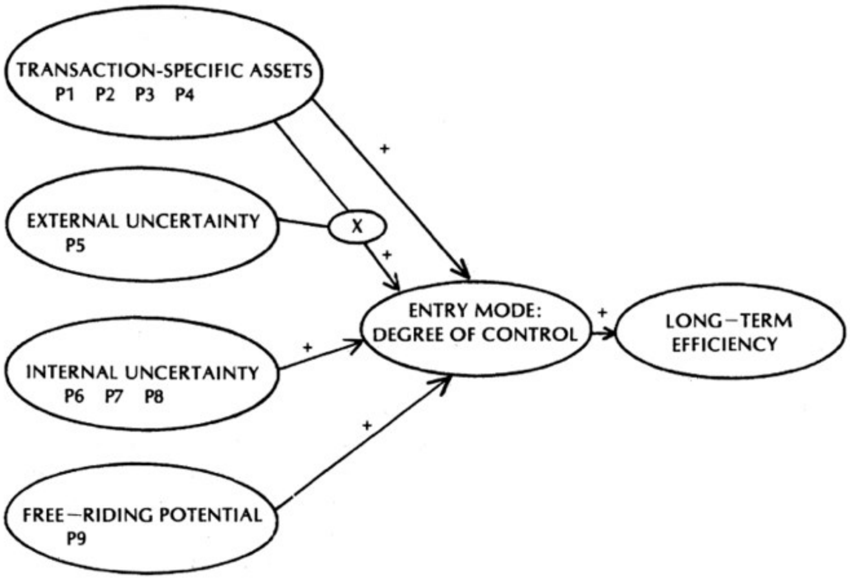
Source: Andersen & Chan (2014, p. 53)

1.1.6. Introduction to Transaction Cost Theory

"What is the best entry mode for a given setting" asked Anderson & Gatignon (1986) in their paper and introduced a framework that provides a theoretical basis for entry mode trough the perspective of TCT. TCT originates from economics, particularly the work of Ronald Coase (1937) and later Oliver Williamson (1975) (Williamson & Kaiser, 2005). It is an analysis of various elements of industrial organization and organization theory and has a level of contracting costs that come with vertical integration. The bigger question is, if the target market is at least big enough to recoup the costs of entry and with which form could that be feasible. High-control entry modes entail higher costs, and if the market cannot generate sufficient returns to cover these overheads, opting for such a strategy is unjustifiable.

The overall efficiency of an entry mode is determined by specific constructs. The choice of entry mode can be influenced by transaction-specific assets, such as specialized physical investments or human resources dedicated to serving one or a few customers. External factors, such as the broader market environment and internal factors such as difficulties in measuring an agent's performance accurately due to inadequate output metrics shape the entry mode selection. The controlling variable X (seen in the figure below) indicates that when the transaction-specific assets are high, and the external uncertainty increases, a higher level of control in the entry mode is required. The last construct is the free-riding potential which describes the entities or agents that benefit from resources, services or efforts of other parties without paying or by paying less. High internal or behavioral uncertainty tends to increase transaction costs. This is a result of opportunistic behavior. External uncertainty stems from country risk dude to macroeconomic instability, government restrictions, cultural distance and political changes.

Figure 3: Transaction cost theory



Source: Anderson & Gatignon (1986, p. 7)

Hennart (1988) defined seminal TCT variables that are connected to IJV. This includes economies of scale as IJV do often mitigate the costs of high minimum efficient scale (MES). In other words, companies that need high economy of scale have a higher propensity to form an IJV with another firm in the same sector as they can optimize their economy of scale. Otherwise, both companies must commit to large investments and the connected transaction costs. JVs can be distinguished between link and scale Joint ventures either to scale by connecting common goals or link their capabilities. Also increasing global environment has an impact on the transaction costs this is a natural phenomenon hence the increased distance of economies and building own distribution networks are costly. JVs and other alliance are the most efficient ways to enter many markets with very low investment. To accumulate knowledge in a firm JVs can be a proper way. Trough the lenses of TCT, knowledge is then better integrated in a firm's structure and easier distributed throughout. The entry in a foreign market can also go in hand with hostility toward a foreign firm. JVs might circumvent this by reducing visibility in the host firm. Transaction cost variables influence equity JVs include asset specificity, market failure, economies of scale, tacit knowledge transfer, uncertainty, transaction frequency, cultural/institutional distance, public goods characteristics of assets, opportunism risk, and regulatory constraints.

Transaction costs emerge on both sides. On the side of the seller and the buyer. The costs on the side of the buyer are fixed and predictable and the sellers are variable. The more frequent a buyer and a seller exchange goods and negotiate the higher are the transaction costs. The higher the variable costs are the more arises the need to internalize as the reoccurring transactions are not optimized and cost efficiency. This theory was built and backed by Buckley in 1983. If transaction costs are high foreign production firms can be internalized. If internalization costs high exporting is a more profitable option (Edwards & Buckley, 1998).

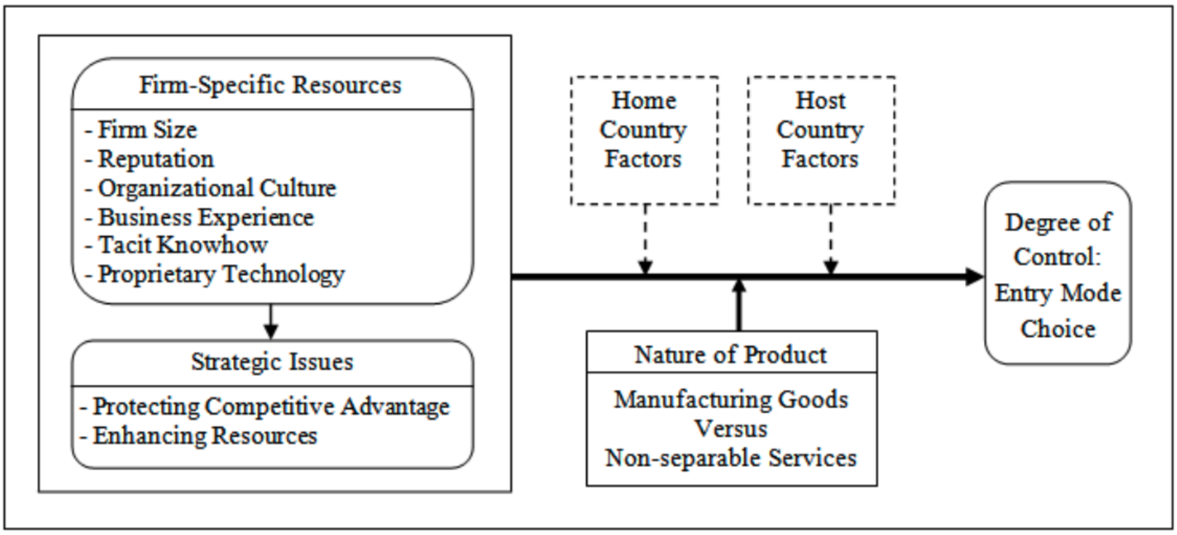
Chen (2010) extended the TCT model. They included transaction costs on multiple levels such as output, asset and equity. The model is also addressing gaps in unilateral decision making and argues that reciprocity in contractual agreements develops trust and mitigates market failures. Reciprocity regulates behavior and boost market efficiency. Transactions occur on both sides and can go into opposite directions. Furthermore, transaction cost is high when institutional barriers are high and can be explained by TCT but is not as comprehensively explained in the literature.

Transaction costs are diverse and arise before and after a transaction. Ex ante costs arise due to search costs through searching and gathering information to identify intermediaries for exporting and from contracting costs which appear through negotiation and arranging the agreement between buyers and sellers. Ex post costs encompass the expenses for monitoring the adherence to the agreement between both parties and the enforcement costs incurred when the terms of agreement are not upheld (Hollensen, 2020).

1.1.7. Introduction to Resource Based View

The resource-based view (RBV), introduced by Wernerfelt (1984) and Barney (1986, 1991), builds upon the work of Penrose (1959) and Rubin (1973) to explain how firms with rich resources can successfully compete internationally and achieve long-term goals. Rooted in Hymers (1960) monopolistic advantage theory, RBV emphasizes that a firm's resources and capabilities, especially firm-specific assets, drive its competitive edge in foreign markets. Unlike industry-focused theories like Porter's (1980) competitive forces model, RBV highlights the significance of internal resources rather than external environmental factors. The RBV provides a framework that puts unique and valuable resources of a company in context of a successful market entry. Nonetheless the theory is criticized hence it is static, disregards external market factors and does not describe how the resources fall into place and can be achieved by the company. Companies with high resource advantages have a higher propensity to expand with WOS or franchising (Andersen & Chan, 2014).

Figure 4: Resource based view



Source: Andersen & Chan (2014, p. 65)

1.2. Research Gap and Research question

To find a research gap for the thesis previous reviews are examined. This helps to understand which parts of IJV have already been reviewed and explored.

As the extensive review of Nippa & Reuer, (2019) states there are several fields in IJV research that needs further investigation. For example, the decision between other entry modes is a vital question for managers to decide upon how to internationalize a company and which exogenous factors shape that decision. Narrative revies are quite common over the past 20 years of IJV research it is also necessarily to state that this research is not as crucial to the field as it relies on secondary data and is researched quite comprehensively. Additionally, this was already answered in other literature reviews with a focus on exogenous factors Li et al., 2021). Nonetheless the paper emphasizes that it excludes theoretical background and only broaches the topic of theoretical analysis. Another review examines the performance factors of IJV on a meta-narrative level but excludes the theoretical and narrative perspective too (Batra et al., 2021). A theoretical and narrative analysis of performance factors is covered in a review paper by Tetteh et al. (2022). Other narrative literature reviews cover research branches like knowledge acquisition (Bouteraa et al., 2023) and governance mechanisms in China (Zhao & Castka, 2021). The literature sample included two comprehensive reviews with the focus on theoretical analysis from Andersen (1997) and Andersen & Chan (2014).

The research gap emerges from existing literature reviews. There are view narrative reviews including theoretical analysis concerning several other IJV research fields up to date. To deepen the knowledge on these subjects the paper will especially focus on synthesis and application of existing theories to provide an overview on how theories are applied in the literature and how they perform. Therefore, the literature is going to be analyzed on multiple levels such as narrative, theoretical application in the hypothesis generation and comparison of variables used in the hypothesis.

To narrow down the scope of the research the investigation of the topics will concentrate only on the IJV-level and parent-firm level of IJV research. Specifically, the choice of entry mode will be examined, addressing which theories are applicable to determine whether a JV is a suitable option for market entry. The thesis does not address question like, JV partner selection, JV formation, JV determination or the development of JVs.

2. Methodology

In this section the methodology and the approach of the literature review is discussed. Frequently, the primary aim of a systematic literature review is to integrate our knowledge and identify gaps regarding a research question, hypotheses, methodologies employed, or subjects of interest. Additionally, it offers an overview of the regarding field. A systematic literature review also provides a critical view on the perspectives of the empirical data.

As the literature review commences, one might encounter papers that have already pursued the same research question. At this juncture, it's essential to decide whether different aspects of the question can be explored and potentially answered from a new perspective. For instance, it could be worthwhile to investigate whether there has been recent research in the field or if the topic can be expanded upon with a different research question approach.

There are clear methods to enhance contributions to this field through a literature review. This includes establishing well-defined concepts by synthesizing and comparing the literature and view issues from a different angle and approaches proposed by various authors. Extract irregular and extreme results considering the development of new frameworks and pinpoint new research gaps and prospering research directions (Kraus et al., 2020).

2.1. Choosing a Methodology

Several existing methods for conducting literature reviews can be distinguished by the approaches they suggest. These methodologies vary on the goals that researchers aim to achieve. Broadly, literature review approaches can be categorized as systematic, semi-systematic, and integrative.

Systematic reviews are more commonly used in medical science than in business research. They provide a method for identifying and evaluating relevant qualitative and quantitative research, with the aim of selecting all papers that meet specific criteria to address a particular research question. A systematic literature review often involves meta-analysis to assess the statistical evidence from existing papers, and the results are frequently transformed to calculate the overall effect size of the studies.

The semi-systematic review is suitable for interdisciplinary research within various groups of researchers. It puts the meta-narrative in focus instead of measuring the effect-size. Multidisciplinary perspectives make it challenging to use a systematic review due to the large volume of literature. This method is more commonly published in business journals.

An integrative review is akin to the semi-systematic review but emphasizes more on the creation of a theoretical framework and perspectives as a goal. It does not cover a complete range of literature but rather integrates various texts to combine viewpoints and understanding from diverse academic disciplines or research methodologies. The objective is to build a theoretical framework rather than summarizing existing literature. (Snyder, 2019) Covering the diverse approaches, the semi-systematic or the integrative review methodology provides a fitting model for the research of this thesis.

2.2. Criteria for inclusion and keywords

The literature review includes papers from the beginning of IJV research yet and articles written in English. To identify appropriate publications, journal rankings should be considered. The Academic Journal Guide provides a legitimate ranking for our research. If literature is taken from journals with lower ranking and a need to include it there must be explicit reasoning (Kraus et al., 2020). The literature will be incorporated from journals ranked to the "3" level or higher. To ensure the quality of sources, only articles from journals ranked in the "Academic Journal Guide" are being utilized. The research field in which these journals are being sought pertains to "International Business and Area Studies" and "Strategy" (Academic Journal Guide, 2021). To start the literature research the keyword "joint venture" is used. The database used for the initial research is Scopus due to the possibility to filter the chosen journals. The integration of papers into the review is also determined by the hypothesis the papers are addressing and if the paper correlates with our research question. The thesis aims to answer the research question and is therefore including only papers that are adequate.

2.3. Process of the literature review

The approach and process of a literature review vary. Kraus et al. (2020) for example, displayed a 4-step approach. In the first step, research is designed and planned by addressing the literature's focus and target audience. Key terms, inclusion, and exclusion criteria are then defined regarding the field of research. Once articles are found a strategy must be generated to include appropriate literature in the line with the research question.

Common criteria such as the year of publication, language of the article, type of article and the journal. A logical process for inclusion and exclusion must be implemented while maintaining transparency in justifying why certain papers are excluded. This is crucial to avoid overlooking essential information from older publications, which could result in incorrect conclusions (Snyder, 2019).

2.4. Scoping the literature

The following table shows the choice of journals which are considered for the review. They are retrieved from the academic journal guide (Academic Journal Guide, 2021). The academic journal guide represents the standard of journal rankings according to the outlines of the university of Vienna. The selected fields of academic journals suitable for this research are:

- International business and Area Studies
- Strategy

The ranked journals to the level of 3 in the selected field of "international business and Area Studies" are displayed in:

Table 1 Ranked Journals: "international business and Area Studies"

The ranked journals to the level of 3 in the selected field of "Strategy" are displayed in:

Tabel 2 Ranked Journals: "Startegy"

3. Assessment of the state of JV research

The initial research with inclusion of the keyword "joint venture", related journals and published date until 14.04.2024 resulted into 492 papers. To ensure that any paper regarding the topic was overlooked the keyword research was extended to the title, abstract and keyword itinerary of the articles. The choice of the keyword was crucial to scope the whole range of IJV research and to formulate the research question.

Table 3

3.1. Citation impact analysis

The following table shows the core literature extracted from the considered literature. To find the most relevant articles the number of citations is considered.

Table 4

3.2. Papers with most references

The following table provides a list of papers from the initial sample with the highest amount of including references. A high reference count indicates review papers of IJV research or papers that provide broad insight into the filed.

Table 5

3.3. Research streams of JV

As the research of IJV evolved specific fields emerge to be more prominent than others. Within our research process, narratives like equity ownership, performance of IJV, entry mode and cross-cultural where the most reoccurring ones. This categorization provides a structural insight into the IJV research field and which narratives are synthesized. This initial consolidation provides the base for the development of our research question and the development of an understanding of the whole field of JV research. The papers were assigned with tags to differentiate the topic areas of IJV studies and theories. The papers where then split into topic groups focusing on the addressed topics. The areas defined in the initial sortation as followed: Performance: 68 papers, Entry mode: 67 papers, Equity:

66 papers, Partner: 59 papers, Cross-Cultural: 53 papers, Learning: 51 papers, Ownership: 38 papers, Governance: 36 papers, Institution: 32 papers, Communication: 28 papers, China: 25 assigned papers, Management: 25 papers, Resource: 18 papers, Employees: 17 papers, Network: 13 papers, Contract: 11 papers, Trust: 11 papers, Conflict: 8 papers.

As the research of IJV evolved specific fields emerged to be more prominent than others. Within our research process narratives like equity ownership, performance of IJV, entry mode and cross-cultural where the most occurring ones. This categorization provides a structural insight into the IJV research fields which narratives which can be narrowed down, synthesized and utilized to answer the research question. In total 713 narrative tags were distributed over 492 articles.

3.4. Exclusion criteria

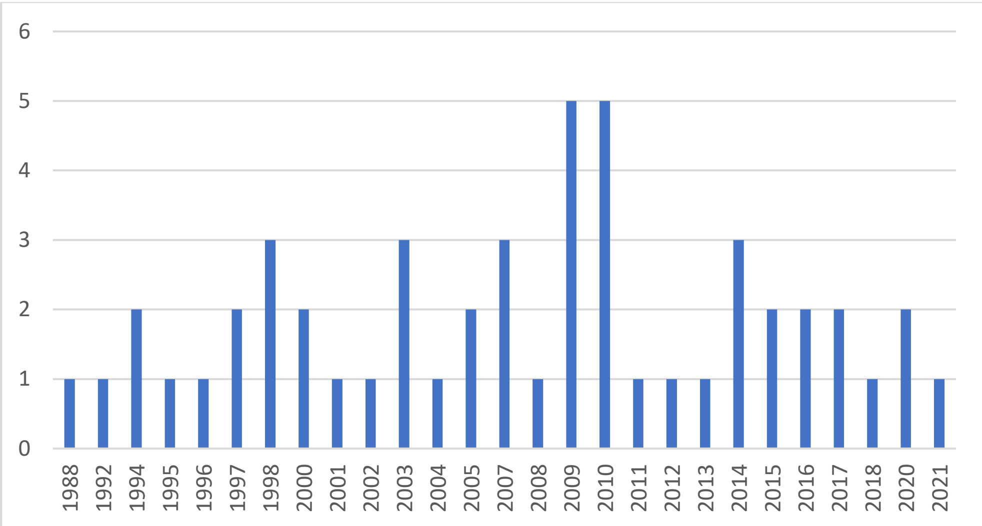
Following the initial assessment of the literature on IJVs, the research paper was further analyzed with a focus on the specific topics. The focal topic of our research question is entry mode selection and choice of entry mode which 67 reassembled. Through a targeted abstract and a following full text read, the pool of papers was narrowed down from the initial 67 to 52 papers. The prospecting of the initial research sample led to the finding of new review papers which affected and shaped the research question regarding the research gap and the choice of research question.

The initial question was why companies choose JV over other entry modes. This shifted during the reading of review papers to the question which theories are most applicable for the choice of entry mode. Nonetheless, the thesis does not disregard the initial research idea as the focus of the paper is still looking for factors and criteria for JV formation. The literature sample started very broad to identify research gaps in the field and to get an overview of the current research status. After the initial research and the collection of review papers on IJV, the research question initiated the process of narrowing down the literature. The sample was then directed to the research question and the choice of entry mode with the focus on IJVs. To be ensured that the focus of our sample was placed on IJV research the papers were extracted from the initial sample on IJV research.

3.5. Analysis of the literature sample

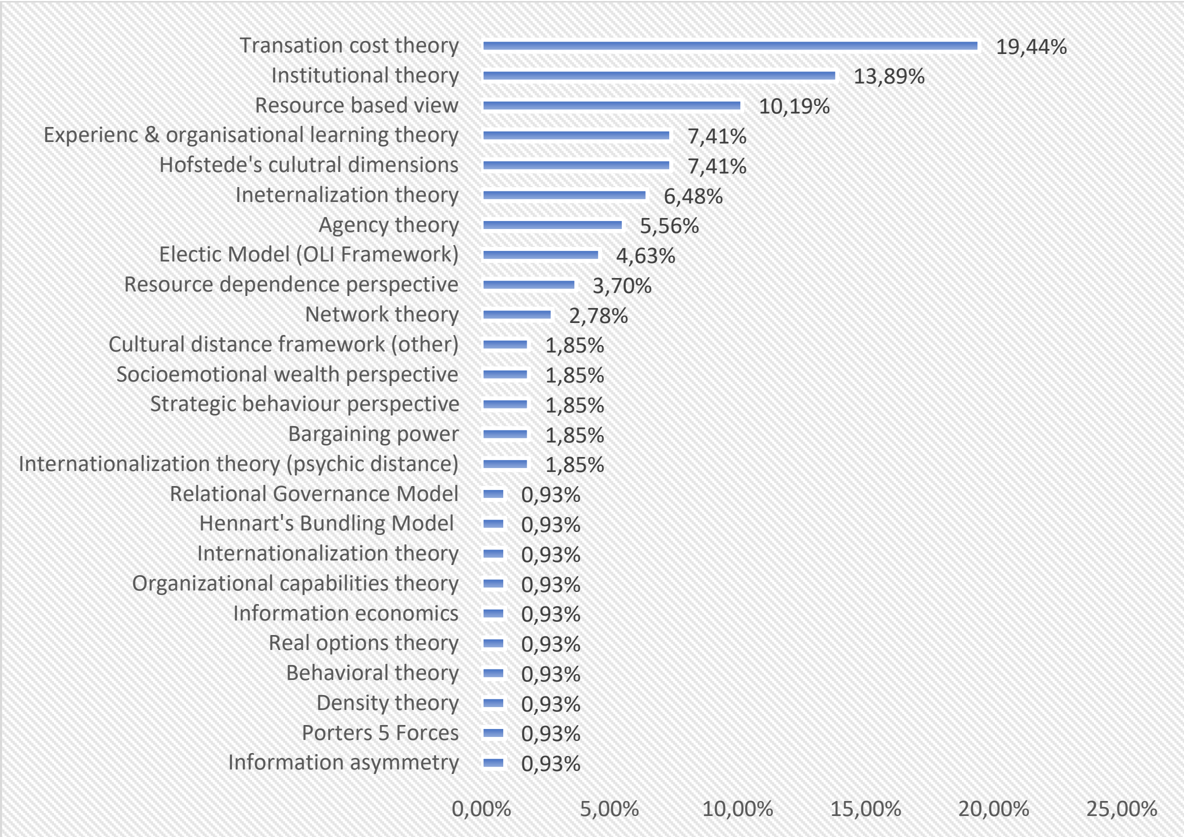
The literature sample contains 52 samples and started as early as 1988 and ends in 2021. The literature sample was distributed over 32 years with a publication trend to be higher in 2009 and 2010. In the other years publications vary between one to three papers per year including gaps of zero publications before 2000. From this year on, the chart reveals viewer and smaller publication gaps.

Figure 5: Publication trend



The literature sample consists of 25 different theories. The spread of the applied theories can be seen in the following chart. The most utilized theory is TCT with 19,44% of the total applied theories. Followed by institutional theory with 13,89% and resource-based view 10,19%. This chart displays all theories applied in the sample. One sample could of course discuss and apply more than one theory to develop their hypothesis. The sample shows clear indications that transaction cost theory is the most utilized one. As we will see more in the consolidation of the literature in the next chapter, papers tend to combine and test various theories to cover more aspects of entry mode decision between WOS and JV. The chart also resembles a tendency for the inclusion of cultural frameworks such as Hofstede's cultural dimensions.

Figure 6: Distribution of theories



4. Consolidating existing Literature

This chapter focuses on the final literature sample of the thesis and the analysis of the theories on various levels. Up to this point the thesis broke down the whole literature by means of our methodological approach. Furthermore, the sample got adjusted into the direction of the research question. The literature sample is analyzed based on the utilized theories and the observations derived from them. This is accomplished with the intention to administer the practical performance of the theories and provide context for the comparison of the results. The papers of the literature sample are chronologically structured to track the progression of these theories over time and are furthermore categorized into theoretical chapters.

4.1. Internalization Theory

Buckley & Casson (1996) proposed a model retrieved from Internalization theory and TCT than can be a useful tool to analyze the choice of entry mode. It provides specific variables which's intensities vary depending on industries and internationally over time. The proposed internalization model explains the choice of entry mode with firm-level such as market size and moderating technological uncertainty. It differentiates between industry-level variables such as, pace of technological change and rate of interest and furthermore, describes moderating variables on industry-level and country-level like cultural distance and the rates of interest. The authors assume that market size, pace of technical change and rate of interest mitigate the choice for JV. Cultural distance is a variable with unknown outcome as it depends on the colliding companies. Protection of independence has a positive moderating effect on JV formation in comparison to merging as affiliates might want to maintain their market position and protect them from being acquired. The authors posit that JV is an entry mode of moderation as it is functions as an intermediate between a licensing agreements and a full merge of a companies. The choice for or against JV depend on the industry and the cultural differences between the host and the home country.

Most crucial determinants for the choice between JV and acquisition is the "digestibility" of the affiliate, the size of the company and its organizational structure. Companies from Japan are in favor to form IJV with US companies when foreign assets of other companies are desired, but the acquisition of the desired assets are mixed with undesired ones. Acquisition does also have to deal with the inclusion of the foreign management forms and strategies of other firms which can be complicated due to cultural differences and integration. This stems from management costs of labor force according to cultural differences. JV is a beneficial choice to obtain foreign assets of the foreign market that are hard to internalize as they are entangled in the affiliate. The choice for IJV is not as much influenced by the difference of industries despite the assumption that cultural differences should be smaller when companies act in the same branch. It is suggested that IJVs are an opportunity to get access to foreign assets rather to minimize transaction costs. It focuses on variables such as digestibility of assets, experience of investors, industry difference, industry concentration and growth volatility of markets to determine the choice between JV and acquisition (Hennart & Reddy, 1997).

Indivisible assets such as brand visibility are hard to internalize if it isn't distributed over all divisions of a company. When a company incorporates a brand that is invisible in that division it can't benefit from its brand name (Chen & Hennart, 2002). There are other modes to internalize resources such as integration alliances. In comparison to JVs there is no equity shared but is also more vulnerable to opportunism. Such alliances must create separate facilities to peruse R&D for example to prohibit knowledge exploitation (Chen & Chen, 2003). Guillén (2003) claims that companies with high brand assets preferer high control modes. The same is valid for intangible ones like technological know-how that could harm the safety of intellectual property.

4.2. Eclectic Theory (OLI Model)

Agarwal & Ramaswami (1992) built on existing literature from Dunning (1977, 1980, 1988) and researched on U.S. equipment leasing industry. It shows that the company's size and experience in internationalization have a higher propensity choosing sole ventures in comparison to smaller companies with less experience. MNEs possess the resources and capabilities to manage risks independently while maintaining strategic control. These firms prioritize global coordination and long-term competitiveness, which requires full control over operations. Sole ventures enable them to adapt strategies quickly, allocate resources across markets, and leverage experiences from one region to another. In contrast, JVs hinder strategic flexibility due to potential conflicts of interest with local partners, limiting the firm's ability to respond to global opportunities and threats. Furthermore, large multinational firms often enter less attractive markets, such as developing economies, to achieve growth and profit objectives. Despite higher risks, these markets may offer significant returns due to market imperfections, making sole ventures the preferred entry mode to maximize global strategic positioning and profitability.

The ability to produce differentiated products in high-risk markets is shown to have less impact on the formation of sole ventures. They allow these companies to fully control their operations, adapt strategies as needed, and keep all profits. This is especially important in markets where contracts may be hard to enforce or protecting intellectual property is difficult. By choosing sole ventures, firms can safeguard their competitive edge and maximize long-term returns. The authors also explained that company's route for JV by high market potential and market risk. In a JV, the firm can share risks with a local partner, who may also assist in navigating government regulations and reduce investment uncertainty. This partnership allows the firm to gain market access without fully exposing itself to the risks of independent operations (Agarwal & Ramaswami, 1992).

Firm-specific advantages of being "local" can also influence the entry mode. This has several implications and can be observed with diverse theories. TCT for example suggests creating IJV as it evens out the disadvantage of local assets by combining knowledge and local assets of affiliate companies. IJV counteracts the disadvantage of local assets. The study found evidence that a high proportion of production at the time of consumption lead to a preference for acquisition and JV over greenfield investment because the need of quick access to local resources and capabilities are hard to develop on their own. These resources, like employee skills and market know-how, are deeply embedded in local firms and are difficult to transfer or replicate. By acquiring a local company, the foreign firm can immediately gain these location-specific advantages, avoid high transaction costs, and reduce the risks associated with entering a new market. (Anand & Delios, 1997).

In a study of Tsang (2005) the eclectic paradigm, TCT and bargaining power was used to understand the influences on choice of entry mode and foreign ownership level of companies in Vietnam. The paradigm is used to explain that firms use substantial ownership advantages like technological advancements and brand recognition as a mechanism to choose for WOS. This can be explained by the company's goal to gain control and maximize benefits of their own ownership advantages. Furthermore, the paper is also contingent of specific market factors such as policies of the host country and the companies' possibilities to internalize resources form the host country.

4.3. Transaction Cost Theory

This chapter focuses on the application of TCT in combination with other theories. The literature sample has shown several combinations of TCT with institutional theory, the psychic distance framework and Hofstede's cultural dimensions complement TCT. Cultural distance is an integrated part of TCT but can be analyzed from different perspectives which is discussed in this chapter as well. This section is divided into subchapters where TCT is applied solely, combined with cultural distance theories and TCT was combined with institutional theory. As those aspects are also studied parallelly some paragraphs include both theoretical aspects.

The transaction cost theory was used by Ingham & Thompson (1994) to identify the propensity of entry strategy choice with financial services. They observed the choice between WOS or partially owned ventures and what factors influence such behavior. Besides TCT also Penrose-Teece's framework played a crucial role, where companies try to exploit their specific assets by diversifying. As TCT proposes it was applied to understand how the size of the company and financial resources, risk awareness, fixed costs and regulatory requirements influence the entry mode choice. Their findings support that firm size and ownership of specific assets have a positive effect on the choice for a WOS entry mode whilst high fixed costs and financial risk result in the propensity to build shared ventures to mitigate risk and share costs. Complex regulatory requirements do also increase transaction costs and can be circumvent by building collaborative arrangements that favor compliance and risk management.

The choice of entry mode is dependent on interacting variables and the addition of fixed costs described in Buckley & Casson's paper from 1981. Fixed costs variables are determined by the production in the home or in the host country. Those are interacting with variable costs such as transportation costs and tariffs. The most beneficial entry mode can be deducted from the height of variable costs and the compared fixed costs if a company decides to create an own plant in the host country for production. This is highly depended on the markets demand for the product and can change if the demand rises. This view was then further developed in transaction cost theory and extended by Contractor (1990) and Brouthers (1995) (Edwards & Buckley, 1998).

Hennart & Reddy (2000) also supported the idea that JVs are more favorable when assets are easier to digest. Non-separable assets are not as easy to digest as it needs to acquire more of a company than a firm might need. This problem occurs more frequent with large companies. JV circumvents this problem as a company gets access to desired assets without the need of high investments. If assets are too costly by contracting or acquisition the assets should be incorporated trough a JV. This also applies for high marketing costs and energy-intensive industries as high costs suggest the formation of JV to overcome entry barriers. Contrary to other studies this study shows evidence that entering related industries in the high-tech sector showed a less likeliness for JV. Furthermore, the study provides evidence that inexperienced investors preferer JV to mitigate occurring risks. In this case, companies are less likely to form joint ventures in diverse industries contradicting the assumption that information asymmetries would invite the formation of joint collaborations (Hennart & Reddy, 2000).

There can be diverse ways to engage in an JV. For example, a company could engage in greenfield investments and share the ownership with local partners or could acquire just parts of a company and then form a JV with the owners of the company. Companies tend to enter markets with JVs when investments are high, and the size of the company is not according to the demanded resources. It is notable that the authors point out that the paper has limitations according to the specified industries and that the results are not generalizable over all branches (Chen & Hennart, 2002).

Transaction costs can be linked to determining the appropriate governance mode. Higher transaction costs necessitate a more hierarchical management of alliances, where JVs may serve as viable alternatives to contracting. Hierarchical arrangements can mitigate opportunistic behavior and reduce coordination expenses with external partners. By implementing effective control and monitoring mechanisms, companies can further minimize transaction costs associated with these partnerships (Chen & Chen, 2003).

4.3.1. Cultural distance frameworks

The first paper and one of the most influential ones regarding citation number is from Kogut & Singh (1988). The authors created a specific model to identify how a company should internationalize either by JV, WOS or by acquisition. The focus centered around American companies internationalizing and included variables on the Firm-level, Industry-level and country-level. Up to the date of this publication, literature has only discussed on market uncertainty and the interconnection with managerial decision making and vague forms of country characteristics and relatedness of variables on firm- and industry-level.

The paper set forth to connect variables and had major impact on the evolving field. It showed that cultural distance and national attitudes concerning uncertainty avoidance impact the choice of entry mode and incorporated focuses theories like the psychic distance from the Uppsala model and Hofstede's measures of cultural dimension. The paper showed the usability of the theories as “Psychic distance” between countries plays a crucial role addressing the amount of uncertainty on display of host market characteristics. The authors found that entry into culturally distant markets and firms with high uncertainty avoidance tend to preferer joint venture or greenfield investment over acquisition. Most importantly the authors emphasize that the choice of entry mode is strongly affected by TCT and regarding costs can’t be disregarded in a comprehensive model of market entry choice (Kogut & Singh, 1988).

On the firm-level a prominent theory is TCT. This is an important aspect and a result of host market failures which makes internationalization imperative to gain assets from foreign markets. Likewise national patterns and host country culture can impact the entry mode choice. The paper found that increased cultural distance and the firm’s uncertainty avoidance increase the propensity for the formation of IJV to mitigate risk. The paper points out that results vary by cultural background of the expanding company and can only predict the entry mode choice between US and European companies which emphasizes the importance of cultural dimensions of Hofstede (Kogut & Singh, 1988).

Makino & Neupert (2000) focused on their article “National Culture, Transaction Costs, and the Choice Between Joint Venture and Wholly Owned Subsidiary” on the different cultural dimensions of Japan and US. The authors applied Hofstede’s cultural dimensions to predict that companies from the US and Japan have different levels of uncertainty avoidance. As Japanese business culture indicates a higher level of uncertainty avoidance the authors assume that the choice for WOS is more prominent than JV when entering a new market. TCT factors are assumed to be disconnected with cultural dimensions and are not bound to cultural differences. They acknowledged the assumption from previous studies that companies try to minimize transaction costs by internalizing but preferer JV when the company can reduce costs. Partnering with a local firm provides assets and advantages like complementary assets to their own, industry specific knowledge and market access. The study derives from TCT that entrance in a new industry, access to natural resources size of investment commitments and access to the local market has a significant impact and thus supporting the application of TCT disconnected from cultural preferences.

There is also contradiction in the literature. Some scholars claim that cultural differences lead to the need for cooperative alliances and cohesive management styles, while others advocate for a high-control approach when external uncertainty is high. It can be assumed that cultural distance can be better managed through strong hierarchical structures rather than shared ownerships. From a TCT perspective, high cultural differences result in increased organizational and negotiation efforts, which drive up costs. To mitigate these costs, local management is ideally entrusted to local employees, further increasing learning. On the other hand, TCT suggests that high transaction costs caused by cultural distance can be avoided through WOS, especially under conditions of high uncertainty. In unpredictable environments, and with the fear of unreliable partners, firms often opt for high-investment strategies like WOS, even if the host country implies high-risk. Consequently, high-control modes can be less risky, more cost-efficient, and better at maintaining control. The study demonstrates that cultural distance can lead to both JVs and WOS, but the deciding factor is the host country's risk profile. Low-risk environments favor JVs, whereas high-risk settings are more closely associated with WOS (Brouthers & Brouthers, 2001).

Cultural distance is accepted to be a driving factor for entry mode decision but also leads to ambiguities. The literature often incorporates Hofstede's cultural distance indexes but this might be inappropriate as cultural dimensions vary for each individual country. European countries can be categorized into Nordic-Germanic, Anglo, and Latin European types and cultural differences affect each country differently (Somlev & Hoshino, 2005).

Cultural distance from the perspective of TCT focuses on the increasing risk of high costs for monitoring non-transferable assets in the host country due to monitoring and managing those assets. Tsang (2005) takes on this theory in his article and suggests that increased transaction costs lead to less equity ownerships as cultural distance grows. Nonetheless, once again there are some contradictions regarding cultural distance. In host countries with high cultural distances a company might choose IJVs based on market uncertainty and missing knowledge. On the other hand, monitoring the reliance on local agents are hard and costly. This might turn a company to choose high control modes. As seen in previous examples, studies on this issue produce diverse and sometimes conflicting results. For instance, companies from the UK, Netherlands, Germany and the US have shown a tendency to favor equity joint ventures over wholly owned subsidiaries as cultural distance increased in Central and Eastern Europe. Yet, research also suggests that US firms may prefer low-control entry modes even in culturally similar countries.

Other research focus on the choice for joint venture in the information of the alliances between commercial and academic institutions. The paper focuses on the type of joint venture which is created in that process and how cultural distance moderates the choice. Cultural distance enhances the effect especially when companies from more developed countries expand to lower developed countries as they want to protect their own technological capabilities and knowledge. The paper highlights the importance of knowledge creation and the influence of governance structure of the affiliate (Li & Xie, 2016).

4.3.2. Institutional theory

The percentage of ownership between WOS or JVs can be influenced by the transactions between companies in the markets. This perspective was applied in a study on the influence of local ownership restrictions on entry mode. As governmental restrictions are negatively associated with high equity ownership, they can also negatively impact the longevity of an IJV. When an IJV is established solely due to governmental limitations, it becomes a forced project, making it more prone to early termination. It was found that companies are attracted to markets with similarities in language, culture, legal systems and business practice. The authors concluded that JV is an optional entry mode to gain more market knowledge and resources (Makino & Beamish, 1998).

Rather novel theories like the internationalization model, also called Uppsala model, describes a stepwise approach as we already talked about where larger firms can jump steps in the process. The Uppsala model also incorporates the psychic distance strand. This perspective focuses on the perception of uncertainty and risk by undertaking foreign activities. The framework poses that psychic distance comes with costs to overcome these barriers and shrink with time, experience and size. On this premise the authors concluded that companies choose markets with low psychic distance first (Edwards & Buckley, 1998).

Furthermore, the study supported that high experience in the foreign market on the example of Japanese companies favors high control modes like acquisition. Besides that, markets with high growth potential are more prone to be entered via acquisition. JV is a suitable choice as entry mode when intermediate goods of two parties requires lots of cooperation and acquisition of assets another firm holds. This also involves risk such as one partner could profit on the expense of the JV. Another risk is the protection of proprietary knowledge of one firm, the exploitation of such and the brand name. JVs are a good choice when resource commitment is high, cost-efficient sharing is beneficial, the risk of losing critical knowledge is low, and market unfamiliarity is significant (Edwards & Buckley, 1998).

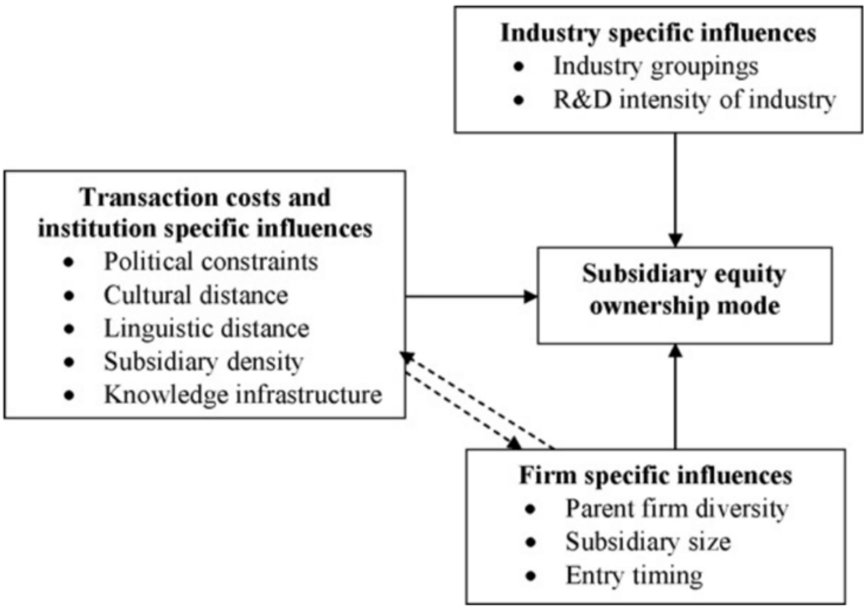
In Contractor & Kundu (1998) the modal choice of entry is examined in the hotel sector. TCT was a valuable theory to understand how uncertainty of a country influences the choice for high or low equity modes. Also increased cultural distance led hotel owners to establish low equity modes such as JVs to circumvent high costs and to incorporate information and knowledge of the market efficiently assuming that high uncertainty leads to high monitoring costs. Moreover, economic development plays a role in entry mode decision because more developed economies provide better conditions for non-equity entry modes like franchising and management service agreements.

In developed nations, local franchisees have higher "absorptive capacity," meaning they can easily adopt and implement the hotel brand's business model and standards. Additionally, strong intellectual property protection reduces the need for full control through equity ownership. In contrast, in developing countries, companies face greater risks due to weak enforcement regulations, necessitating equity ownership to protect their brand and assets. Furthermore, developing markets often offer higher growth potential, profits, and weaker competition, encouraging companies to opt for equity investments to maximize returns. Non-equity modes provide stable but limited royalty-based returns, which are less attractive in these high-profit markets. Therefore, firms are more likely to choose equity ownership in less developed countries to protect their interests and capitalize on greater profit opportunities. Country risk also mitigates the equity and control level because firms avoid large investments in unstable environments. In the hotel industry, where capital investments are high, companies prefer franchising or management service contracts to lower risks. These arrangements shift responsibilities like employee management to local partners while allowing the global firm to maintain brand control. Additionally, earning royalties based on sales (which are more stable than profits) helps reduce financial risk in volatile markets. As risks rise, firms favor lower-commitment modes to protect their investments (Contractor & Kundu, 1998).

R&D companies engaging in partnerships often choose JV as an appropriate structure as it optimizes their collaborative activities regarding monitoring, enforcing contractual obligations and defining property rights. This is especially true in technology-sharing contexts, like R&D partnerships, where the risk of knowledge leaks is high. Heightened concerns about protecting valuable knowledge generally led firms to prefer joint ventures over contractual agreements (Hagedoorn et al., 2005).

Another example of for the inclusion of other theories to TCT is provided by Demirbag et al. (2009). They concluded that the existing literature lacks a framework for companies from emerging markets like Turkey, as most studies have focused solely on developed countries. They combined TCT with institutional theory and included variables on firm, institutional and industry level that influence the decision for equity ownership modes. This paper serves as a strong example of how Hofstede's cultural dimensions can help explain cultural differences between markets and their impact on heightened transaction costs. Cultural differences are widely recognized as drivers for increased transaction costs, while institutional constraints can also contribute to these costs. Also, institutional theory provides further variables to assess entry mode decisions.

Figure 7: Model of transaction cost and institutional theory



Source: Demirbag et al. (2009, p. 449)

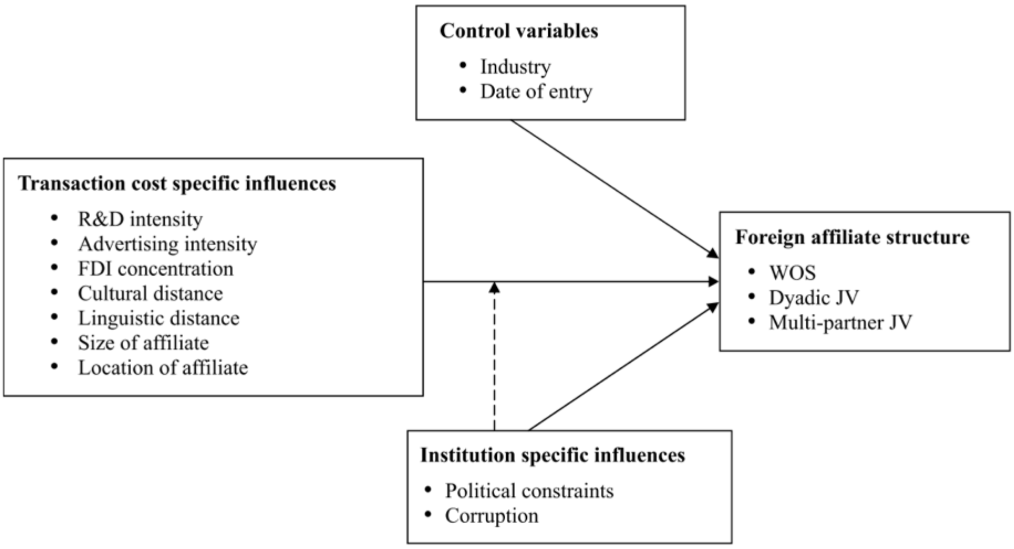
It is evident that political constrains, linguistic differences and if the company is diversifying into other branches, affect the decision for JV and increase the likelihood of choosing minority equity JVs. Conversely, a well-developed knowledge structure in the host country encourages firms to opt for WOS and majority equity stakes. Additionally, the findings support the hypothesis that larger firms are more likely to pursue WOS or majority equity ownership (Demirbag et al., 2009).

The analysis of entry modes by retail banks trough the theoretical lenses of TCT, institutional theory and cultural distance models provide further evidence that firm size, the need for local resources and the need for control increases the tendency for choosing acquisition over JV. The study also highlights that greater differences in market conditions and regulatory frameworks lead to a higher tendency to select JVs as the preferred entry mode (Petrou, 2009).

This can also be supported by López-Duarte & Vidal-Suárez (2010) who emphasized particularly that TCT is often not fully conclusive without the perspective of institutional theory. The authors posit that political risk or cultural distance can lead to more uncertainty. Furthermore, they disentangled cultural distance from linguistic divergence to prove that Spanish firms rather choose JV instead of WOS when uncertainty is high even when the language is the same in the host country.

A very similar framework was applied by Demirbag et al. (2010) considering affiliate structures in turkey. The authors defined variables from TCT, and moderating variables of institutional theory and included Hofstede's dimension to provided evidence that R&D concentrated firms preferer WOS over goal specific JV and over multi-partner JVs regarding transaction costs. Interestingly the paper does not support the hypothesis that advertising intensity affected the choice for WOS over JV. The authors emphasize that the inclusion of institutional variables is significantly influencing entry mode decision and therefore must be incorporated in the theoretical approaches.

Figure 8: Model of transaction cost, institutional theory and Hofstede's cultural Dimensions



Source: Demirbag & Tatoglu, et al. (2010, p. 715)

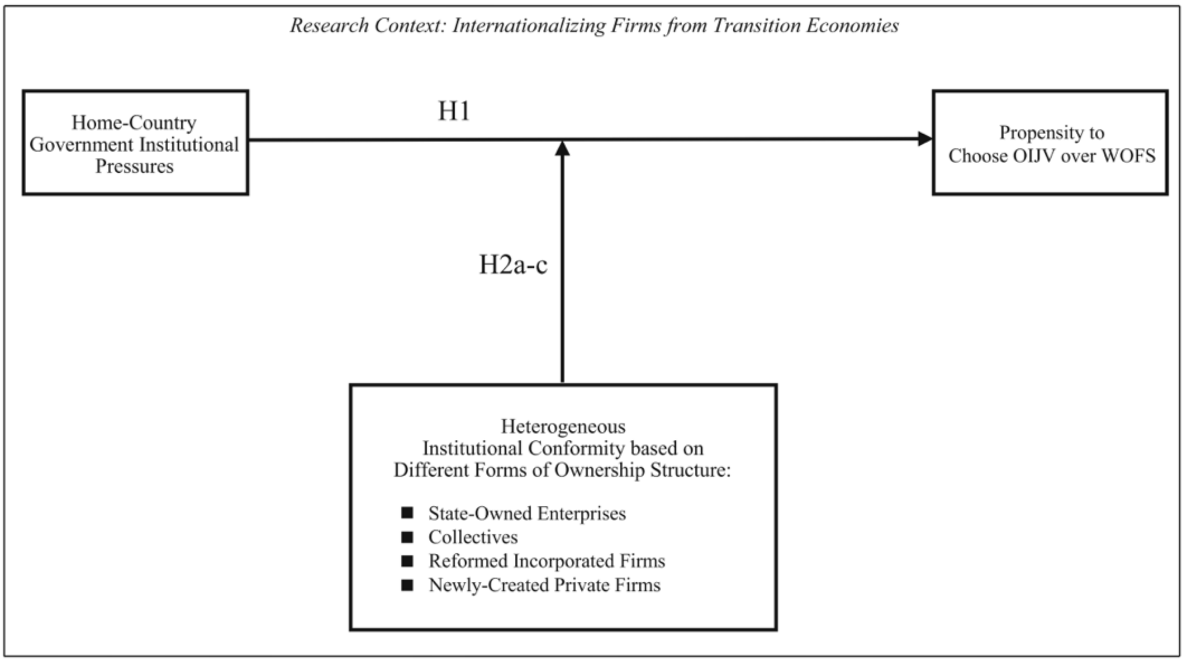
The TCT model was extended with a corruption distance model. This paper does not reference a clear use of theory but can be understood as a form of institutional theory to analyze a country accurately. The paper has shown that countries choose WOS over JVs if the home country is less corrupt than the host country to avoid corrupt practices (Duanmu, 2011). Also, the quality of governments impacts the decision of entry mode as it was shown in a study on firms with a high degree of family ownership. Government quality can be described by political risk and stability, terrorisms, corruption and ambiguous regulations. The paper shows that high government quality and wealth reduces the risk of institutional voids and enables firms to operate without the reliance on local partners (Chang et al., 2014).

TCT and RBV are the most utilized theories in the choice of entry mode but leave out growth strategy of the company in the decision process. Depending on growth strategies like expansion, related and unrelated diversification, international expansion and international diversification the choice of entry mode changes. Companies from the European Union have a higher propensity for JV when growing by expansion and related diversification. Thus, firms can profit from synergies and cost efficiencies when entering related markets. Unrelated diversification on the other side involves high uncertainty favoring less resource intensive alliance types (Ortiz-de-Urbina-Criado et al., 2014).

Hennart et al. (2015) emphasized that known theories are applied in perfect markets where local complementary inputs are open for acquisition. It is notable that local companies do often protect domestic resources to secure competitive advantage. The authors introduced a bundled framework based on TCT where the main driver of expanding are the local complementary resources to maximize profits. In their theory knowledge is an asset hard to transferer. If assets are hard to incorporate, they also suggest creating JVs or partial acquisition. The study showed evidence of US firms expanding to Brazil that JV is preferred when resources are hard to acquire and greenfield over acquisition is preferred when asserts are more accessible

Furthermore, institutional pressure influences company activities in transition economies like China. Institutional theory suggests that an institution's environment can shape the choice and diversity of organizational forms. Companies that rely on governmental resources are more likely to opt for outward JVs rather than wholly owned subsidiaries. The paper highlights the interaction between governments and firms, particularly in transition economies, where countries like China exert greater influence over entry mode decisions (Chung et al., 2016).

Figure 9: Model of institutional theory



Source: Chung et al. (2016, p. 7)

Meschi et al. (2016) used TCT and neo-institutional economics to examine the performance of Vietnamese JVs and WOS. High transactional factors like asset specificity and institutional alignment reduces the risk of determination. They emphasized that neglecting TCT factors ultimately results in lower performance and thus heightens the possibility of determination. Aligned TCT predictors with institutional factors enhance the effectiveness of the theory like strong or weak regulations.

A further example for the complementary use of institutional perspectives can be seen in the study of political hazards and the influence on the internal decision. Political hazards have direct consequences for market entry decision. JVs help companies to reduce investment risk and contract political uncertainties. Aid from home country governments negatively moderates the relationship between political hazards (Lu et al., 2018).

4.4. Organizational learning theory

As Lyles (1994) argues, traditional approaches to JV formations and entry mode studies overlook organizational learning, history, and memory as influencing factors. Organizational learning plays a critical role in determining a company's choice of entry mode for internationalization. Lyles takes a different approach to this topic, emphasizing past experiences and organizational memory as key drivers of JV formation. The author applies the organizational learning model to analyze this process.

The organizational learning model shows how knowledge is developed. Specifically, it shows how effective past actions where and how they influence future actions. Learning is framed in two levels linked to the processes and history of an organization. On a lower-level repetition and routines result into learning. On a higher-level it can adjust the overall mission and the belief systems and norms. Higher learning levels have higher impact on the fundamental thinking of a firm. This embarks problem solving, unlearning strategies that where successful in the past and other core knowledge systems that influence the values of the company (Lyles, 1994).

Organizational learning theory builds on four activities. One of them are success programs from the past and are directly interlinked with repetitive tasks. These learnings influence JV formation thus there is prior experience and understanding which equity share was an appropriate mode. Organizational knowledge structures describe the storage of the knowledge ergo values, beliefs, memories and frames of references. This in fact impacts the company as a whole and not only in the formation of JVs. Upon this knowledge thoughts and future actions can be developed. The third are discrimination skills and shows the ability of the firm to differentiate between situations and how to manage diverse success strategies. This includes the identification and discrimination of a problem and the according solution strategy. The fourth part of the organizational learning theory is unlearning and innovation. In these activities, companies gain the ability to reassess and reframe their past actions. They are often confronted with previous mistakes, failures, or periods of low performance. This reflection is crucial for refining strategies, particularly when forming a JV. Since each partner in a JV is unique, a process that was successful with one partner may not necessarily be suitable for another (Lyles, 1994).

Organizational learning can be attributed to a stepwise approach of internationalization theory and to TCT. From the internationalization approach gaining of knowledge and experience can lead to higher ownership modes (Edwards & Buckley, 1998). From a transaction cost perspective organizational learning is a crucial process that mitigates uncertainty of entering host countries. As discussed JVs are beneficial ways to gain knowledge in foreign markets keeping transaction costs low and lower the investment of market entry in general (Contractor & Kundu, 1998).

Extracted factors from the theory include organizational memory, which refers to stored historical information influencing a company's commitment to past successful programs. This concept highlights how past events and experiences can shape and affect both current and future decision-making processes. The number of people involved, their perspectives, the performance of past JVs, and the lessons learned all have a significant influence on the decision between forming a JV or WOS (Li, 1995). Past experiences, serve as a foundation for strategic decisions, crucial to a company's core business. Businesses often benefit from their accumulated knowledge, particularly from international ventures and partnerships with foreign investors. These experiences provide valuable insights, enabling companies to better navigate global markets and refine their strategies for future success (Li, 1995).

According to TCT, companies choose JVs when there is a moderate risk of opportunism, but full internalization of the affiliate is too costly. This is also valid for technological complex alliances as JVs provides more control over the assets and mitigates contractual concerns. Nonetheless TCT has been criticized by focusing too much on transaction costs and exclude other factors that could include alliance decisions. The competence view includes the perspective of organizational learning as it describes how JVs more common in technological branches and support learning processes with sophisticated coordination mechanisms and large, relationship-specific investments. The paper demonstrates that firms with technological specialization are prone to opt for equity joint ventures to enhance learning opportunities. In contrast, non-equity-based arrangements, such as joint R&D collaborations or co-marketing agreements, tend to be more prevalent than JV in technological alliances. This case provides an example of how different theoretical frameworks can merge to create a more comprehensive understanding. Host-country factors also play a key role, particularly in resource-intensive, technology-driven industries, often prompting companies to opt for shared-control entry modes to leverage local resources (Colombo, 2003).

4.5. Network theory

According to network theory, actions of companies are influenced by each other's behavior. This can also be observed in diverse industries as companies rely on the actions and forms of internationalization. A company that enters a market through a JV influences other firms within the industry or business group, leading to the imitation of behaviors perceived as successful (Guillén, 2003).

The network approach suggests that companies tend to internationalize on multiple stages where companies and the market conditions influences the decision. Early starters are companies that stand at the beginning of their internationalization journey with view to no important relations to other companies. Counterparts play an increasing importance as market entry and the gain of new knowledge demands resources. There are two options for the company, to internationalize either with an agent in a nearby internationalizing country or green field and acquisition which requires substantial resources that had to be accumulated in the home country prior to market entry. Early starters often depend on the development and initiatives of counterparts in their network to adapt to supply and demand conditions of a country. Companies can then transform from this stage into a lonely international where a company is highly internationalizes but the market itself is not. The company has now acquired knowledge to navigate in the foreign country regarding domestic culture and institutions. The company is able to get access to local resources and assets easier and has built international production nets. The level of late starters might encounter complications in highly internationalized markets as those might be already penetrated by competitors making market entries more difficult. There is a difference between large and small companies as small companies might be highly specialized whereas large corporations can't adjust properly and are therefore prone to enter the market by JV or acquisition which is risky when no experience of the foreign market exists. The last level is the "international among others" where the company and the market is highly internationalized and companies have established networks amongst other companies. At this stage companies can internalize faster and navigate in different markets. In dense markets JVs, merging and acquisition is more frequent (Johanson & Mattsson, 1988).

A further application of network theory leads to the perception that the positioning of a company in a global network is an influential criterion for the formation of partnerships. It can be assumed that companies with weak global network positioning tend to form new JV to increase their power in a network or market (Yeniyurt & Carnovale, 2017).

4.6. Internationalization Theory

Internationalization theory is based on behavioral paradigm. In the beginning of the thesis, it was mentioned that the framework includes various concepts. It can be applicable to analyze entry strategy and analyze what entry strategy favors market exits, and which are more in favor to stay. For example, companies that enter markets with low entry modes tend to exit the market more than companies with high control modes (Li, 1995).

In Edwards & Buckley (1998) the Uppsala model was the chosen perspective to analyze the expansion of Australian companies into the UK. As described in the beginning, the Uppsala model shows internationalization as a stepwise process leading from low control to high control modes. Noteworthy is that large firms, stable markets and experience of firms can help to jump steps. As discussed, the model faces criticism regarding the definition of when internationalization begins and how companies are classified within each stage. Additionally, it does not address the reasons behind changes in entry modes. The authors acknowledge market potential as a key driver of internationalization. Companies with limited management knowledge and high uncertainty are more likely to pursue acquisitions rather than greenfield investments. Despite the expected reduction in profitability due to acquisition costs, firms benefit from learning from local management, which helps mitigate overall risk.

The choice of host country depends on several variables such as risk assessment regarding sunk costs, political stability and the connected commitment of resources to a country. A company's global strategy, including entering a market with an existing subsidiary network and determining the purpose of a new subsidiary, serves as a key indicator for selecting the appropriate market entry mode. Market potential and its development is also influenced by the variables of political policies and the changing conditions and resulting regulations. The authors focused on the concept of “psychic distance" as it explains which host country should be picked to internationalize. It describes that companies preferer culturally and geographically close countries to the home country. This is especially applicable in early stages of internationalizing firms and mitigates as it grows. In later steps market potential plays a bigger role in the decision process of choosing a location. Furthermore, does behavioral theory explain the relationship between knowledge of managers, the host market and the commitment of a firm's resources. The higher the knowledge of a market the more likely a company enters with WOS. The lesser the knowledge the more likely JV or licensing are applicable entry modes.

Staged models are specifically interesting when they describe the process form one entry mode to another. The initial stage could be the formation of JVs where a company gatherers knowledge and experience about the host market. In a second step firms could engage in a wholly owned form to gain full control over their processes when the perceived risk is reduced.

Psychic distance is a driver for uncertainty because it makes it difficult for managers to predict future events and behavior of the market and its actors increasing the fear of opportunism. Simultaneously increases the management of agents gets increasingly difficult. Conversely the study shows that managers don't fear opportunistic behavior between local partner and host market when psychic distance increases (Dow et al., 2020).

4.7. Resource based view

The resource-based view explains entry mode decision on base of resource capabilities that provide advantages or disadvantages for the company. Strong resource capabilities favor WOS as a company can capitalize fully from it (Guillén, 2003; Chen & Chen, 2003). Market entry barriers and the of entry mode can be determined by resource-based variables like brand equity, distribution channels or R&D capabilities. In general, JVs help to overcome market barriers. Nonetheless it embarks a risk as JV can be corrupted by strategic decisions or different interests of the participating companies leading to blockages of resources or the breakup of a JV (Chen & Hennart, 2002). From the RBV perspective companies tend to create alliances more when they are both in vulnerable positions and need access to resources from the other company. This results in different structural preferences e.g. equity JV, minority equity alliance, bilateral contract- based alliances and unilateral and bilateral contract-based alliances. Resources are differentiated into tangible and intangible resources and could be categorized in financial, technological, physical and managerial resources (Chen & Chen, 2003).

Further example of TCT with RBV can be utilized to see how companies opt for contractual alliances over joint ventures when the production of value is offshore and not in the host market as management of resources in offshore production can be costly. Also, the threat of opportunism can be higher to manage. From the perspective of RBV, complex activities and the management of complex tested knowledge needs to be managed more flexible and requires therefore contractual arrangements (Lojacono et al., 2017).

4.8. Agency Theory

This chapter focuses on agent theory and theories that concentrate on the agents of the expanding company. Agency theory gives an alternative perspective to the choice of entry mode as it involves the agencies of the board managers and how they make decisions. It is argued that managers, driven by self-interest and a tendency to avoid effort and risk, require oversight from the board to ensure their decisions align with shareholders' best interests. Agents in a company are more risk-averse according to agency theory. In comparison to shareholders agents have more fear in their decision making as their employment and monetary reward might be affected (Lai et al., 2012). Problems of agents arise when geographic distance and uncertainty is high. Those arise from unpredictable markets and high information asymmetry (Jell-Ojobor & Windsperger, 2014).

The decision between entry modes is linked to the experience of managers. Risk averse managers therefore opt for more secure entry modes which can result in lower returns and decreasing revenue for shareholders. The disparity of agents in their risk-awareness leads to complications in the choice of entry mode. Conversely external shareholders are more likely to accept risk to maximize profit. This leads to the assumption that boards with independent members tend to choose entry modes promising higher returns ergo and are riskier like acquisition. Also, the number of shares held by the directors influences the decision as limited shares rather lead to the choice for faster returns and lower risk such as JV. If more stock is held by directors the interest for higher profits aligns with those of shareholders shifting to acquisition. If boards have international and FDI experience they can provide valuable advice for executives as directors can guide and decrease uncertainty leading to riskier decisions. The agents risk awareness and the agent’s compensation play a role in the entry mode decision (Lai et al., 2012).

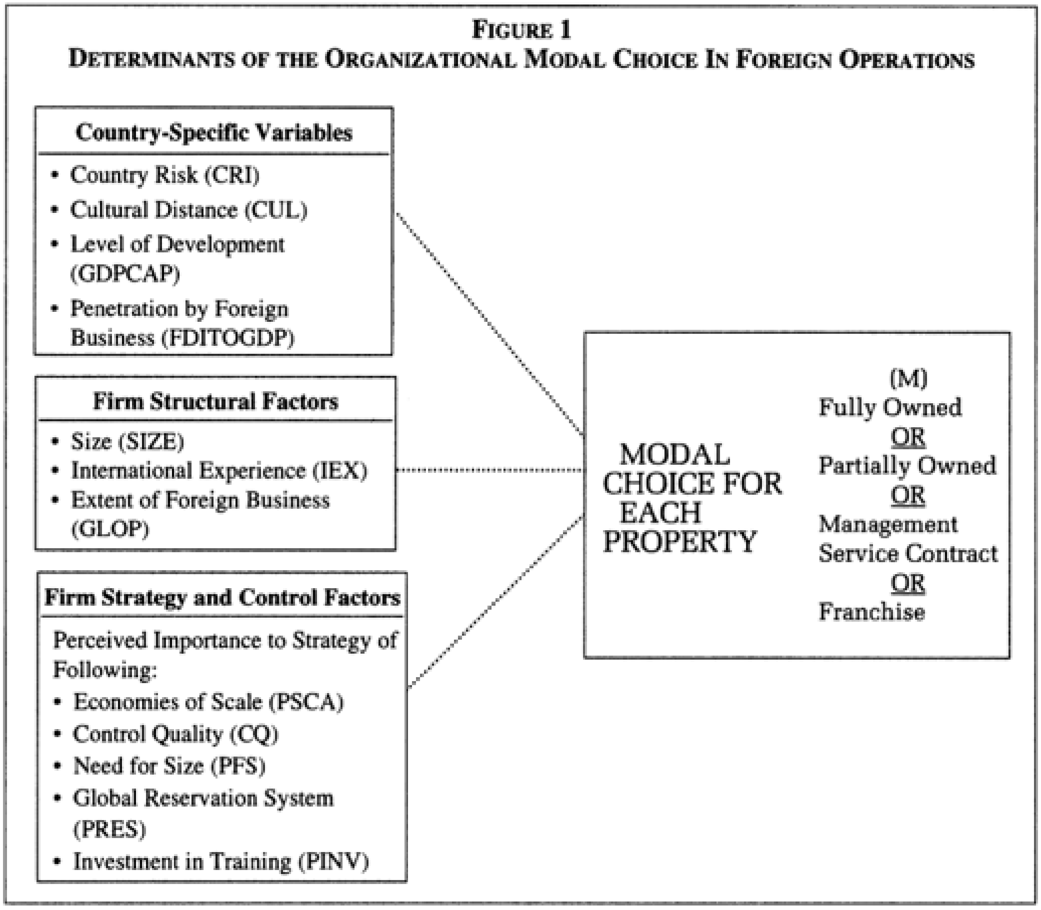
An opposing view to TCT is the experience perspective regarding the influence of environmental uncertainty on the decision between JV and WOS as entry mode. Market linking capabilities provide an alternative hypothesis for understanding how firms can independently connect with and maintain relationships with customers in the host country without relying on local support. In addition to institutional theory and cultural distance variables. The paper supports that firms tend to form WOS when linking capabilities are high. When regulatory unpredictability is high and market linking capabilities are high firms choose WOS over JV. Furthermore, the paper showed evidence that strong market linking capabilities impact the decision for WOS (Tseng & Lee, 2010).

4.9. Synthesized Theories (Meta-Theories)

The fundamentals of internationalization theories were discussed at the beginning, followed by an exploration of their diverse applications in previous chapters. Various authors have made efforts to integrate established theories into a unified concept.

Contractor & Kundu (1998) created a syncretic theory which is a combination of concepts from TCT, agency theory, organizational capability and corporate knowledge theory and to answer the question of entry mode choice. The authors defined country-specific variables, firm structural factors and strategy and control factors. TCT was used to explain country risk as countries with high uncertainty tend to inquire high transaction costs. This is also valid for cultural distance and the level of economic development due to higher complexity of rules, standards and knowledge acquisition. Agency theory influences the variables control quality, cultural distance and global reservation systems as agency theory explains the relationship between agent and employer. The higher the control and monitoring of agents is the lower the equity in the entry mode. Corporate knowledge theory and organizational theory comes in play in the variable's investment in training, size and international experience. It explains that substantial knowledge and experience leads to high equity and control modes. The lesser the knowledge is the lesser a company invests for the entry mode.

Figure 10: Determinants of the organizational modal choice in foreign operations



Source: Contractor & Kundu (1998, p. 336)

Cui & Jiang (2010) introduced a further extended model to explain the choice of entry mode of Chinese MNE. They combined TCT, RVB, industry-based view, institution-based view and strategic behavior perspective to generate a theoretical construct. The hypothesis from TCT and RBV where proven right and supported the assumption that firms choose WOS when firm specific assets are highly valuable and JV is more efficient when the market entry requires large number of resources. It also supports that regulatory barriers and cultural barriers favor the formation of JVs through the lenses of institutional theory. The strategic behavior perspective adds a new dimension to the paper claiming that assets are critical for achieving global strategies and lead to high control modes.

Jell-Ojobor & Windsperger (2014) proposed a combined model various lenses including transaction cost and agency theory, resource-based view and theories of organizational capabilities. The study combined synthesized aspects from TCT such as environmentally uncertainty and behavioral uncertainty to negatively influence the level of control in the entry mode. Behavioral uncertainty which stems from information asymmetry has a negative influence on level of control. Resource-based aspects suggest that highly critical assets are essential for maintaining a franchise, leading to a preference for high-control entry modes. However, if the franchise partner's local market assets significantly influence value creation within the network, low-control modes are preferred. Transaction specific investments such as brand name have therefore a positive effect on the level of control. A firm's financial capabilities also influence the decision, as the need for high financial investments for market entry tends to lead to a preference for low-control modes. Moderating variables are market uncertainty and the intangibility of assets which have a negative impact on level of control modes.

The choice of entry mode by SMEs can be explained on the perceived distance on cultural, geographical and institutional level. Cultural distance led SMEs to choose higher control modes and choose JV when geographic distance is high. Institutional distance had a positive impact on level of control (Del Bosco & Bettinelli, 2020). The implications of the results will be further discussed in later sections.

4.10. Other Theories

This section explains noticeable complimentary theories that were found in the literature sample but where not as common.

4.10.1. Resource Commitment Theory

The resource commitment theory describes how a firm is willing to allocate resources in the internationalization process. JV can be used to share this commitment with another company and to minimize the according risk. As in a JV one company provides access to the resources of the other company. High resources commitments are only interesting if the target market is large enough to justify such commitments (Edwards & Buckley, 1998). Host countries that grant access to resources with fiscal incentives are more attractive to WOS. On the other hand, JVs are more secure when countries are prohibiting favorable regulations as countries would support local companies and JVs more than foreign ones (Beamish & Makino, 1998).

4.10.2. Competitive capabilities theory

Chen & Chen (2003) hypothesize that Japanese investors' decision between JVs or WOS depends on both their competitive capabilities and the market barriers they encounter in U.S. industries. Overall, the findings confirm that Japanese investors facing higher market barriers tend to form JVs, while those with stronger competitive capabilities tend to opt for WOS. The results indicate that marketing factors play a more pivotal role than technological considerations in shaping ownership decisions.

4.10.3. Real Options Theory

Another way to analyze JVs is the real options theory. It predicts that high uncertainty result in higher option value and the choice for a real options investment. In the case of entry mode choice this results in the higher propensity for low equity investments like JV when uncertainty is high (Cuypers & Martin, 2010). Also, JVs have a higher propensity to turn into a WOS in form of call option right to purchase the other part of the venture when the firms are complementary, the experience of the company with JV preexisted and the equity is lower than the one of its partners (Tong & Li, 2013).

4.10.4. Porters 5 forces

Elango & Sambharya (2004) also used various theories and developed the hypothesis on the industry dimension from Porter (1980). Additionally, industry structure and national culture influences the decision. This is supported by Dunnings eclectic framework as well and Kogut and Singh (1988). An interesting approach can be found with Elango & Sambharya (2004). The authors extracted criteria from Porters 5 forces like competition, entry barriers and demand condition to make assumptions about entry modes decision. For example, companies choose greenfield investment over acquisition when entering concentrated markets. This was contrary to the assumption that acquisition should be preferred in concentrated markets as it is assumed that companies could engage with price wars and reduces retaliation. Also, greenfield investment is a better option when markets have low concertation to gain more market share. The opposing results have shown that companies rather choose greenfield as there are viewer options to acquire, the options might be too large to acquire, and the results can vary in different branches.

4.10.5. Information economics

Earlier publications on entry mode decision diverge from established theories to find new answers on the research question. For example, information economics outlines how firms address information asymmetries that arise between exchange partners due to disparities in resources and capabilities, market dynamics, and institutional contexts. Executives' evaluations and preferences for IJVs versus acquisitions are shaped by their familiarity with the local firm, the local firm's reputation, product-market overlap, and the nature of the local firm’s intangible assets. Resources, experience, reputable affiliates and market overlap are drivers for acquisition whereas intangible assets are drivers for JV (Reuer et al., 2013). The results of this theory can be compared with the hypothesis retrieved from transaction cost theory and lead to similar assumptions and result.

Information economics highlight various strategies firms use to address information asymmetry, where one party in a transaction possesses more or better information than the other. In acquisitions, firms face adverse selection, as sellers may withhold negative information or inflate claims about their resources and prospects, making it particularly challenging to evaluate tacit resources or capabilities in international or emerging markets. To counter this, JVs offer a solution by enabling shared investment costs, staged commitments, and direct experience with a partner's resources, while governance structures like joint boards enhance control and facilitate knowledge transfer. The higher the information asymmetry the more likely is the formation of JVs and the more intangible the desired assets of a company are the more likely the formation of JV. Information economics can be a useful theory to analyze the partner choice and the choice between entry modes as a further analysis of TCT to analyze free riding deeper (Reuer et al., 2013).

4.10.6. Bargaining power theory

European countries are influenced by external factors such as location, size, labor costs and productivity, cultural and language proximity, availability of production factors, privatization policies, local competition, and host government attitudes toward FDI. Compared to other unions Europe provides a collective state of rules for an equal access to markets. As those rules decrease the importance of other factors. The expansion to other eastern countries is driven by low labor costs which are obtained with strong bargaining power. According to the model, countries with large markets can push companies to form JVs to protect local businesses (Somlev & Hoshino, 2005).

Unified agreements between EU countries encourage this approach, which weakens the bargaining power of companies. This supports the assumption that sizable markets significantly influence entry mode decisions in the described way. Interestingly the results did not support this thesis. Companies are furthermore more likely to enter a market via full acquisition or JV over greenfield investment in highly competitive countries. Highly competitive industries weaken the bargaining power of companies and make high control modes rather difficult. Companies therefore rather opt for JV to get access to local assets and enhance their power (Somlev & Hoshino, 2005).

5. Discussion

The discussion elaborates on the hypotheses presented in the papers, analyzing both coherent and inconclusive assumptions of the discussed theories. The articles and theories are examined, evaluated, and compared in terms of their application and outcomes by analyzing the results of the hypotheses. The analysis of the sample shows clear trends of theory applications. These trends were already discussed in the chapter "analysis of the literature sample". The discussion is split in the analysis of internal and external factors for entry mode choice.

5.1. Internal factors

Size is an indicator for more control entry modes such WOS (Demirbag et al., 2007; Ingham & Thompson, 1994; Contractor & Kundu, 1998) and was frequently tested over the past decades and assumed by TCT. Furthermore, does the size of the affiliate partner decrease the level of control and the commitment of equity (Demirbag et al., 2009). Although high control modes are typically favored when a company has sufficient resources, this preference could not be confirmed for multinational banks, potentially due to selection errors (Petrou, 2009). Conversely, when affiliates possess greater capital, companies are more prone to opt for JV over WOS (Demirbag, Tatoglu, et al., 2010). Also, from a network perspective do companies enter markets with high control modes when they have substantial resources. Nonetheless small, specialized companies might opt for greenfield in a highly competitive markets when they have a client in their network that allows that endeavor. Large companies might opt for acquisition or JV when competition is high (Johanson & Mattsson, 1988).

Firm specific assets are positively related with high control modes (Ingham & Thompson, 1994; Puck et al., 2009; Jell-Ojobor & Windsperger, 2014) specially branding and the demand for high perception of a brand in the market is associated with high control modes which discourages the formation of JV (Contractor & Kundu, 1998; Chen & Hennart, 2002). When the assets of another firm are easily integrable and the assets of the host country are highly desirable, acquisition is favored over JV (Hennart & Reddy, 2000). Chen & Hennart (2002) and Hennart et al. (2015) also connected advertising expenditure with high control modes. JV is preferred when a company's prior expenditures primarily incurred in the home country before entering a foreign market. The literature is coherent in the assumption that high demand of resources results in low control modes and JV. Conversely, when resources are accessible, higher control modes such as WOS, acquisition, or greenfield are preferred (Duanmu, 2011; Li & Xie, 2016; Jell-Ojobor & Windsperger, 2014; Chen, 2010; Cui & Jiang, 2009). Additionally, from an internalization perspective, the need for resources and the size of the company tend to drive the preference for acquisitions, leading to higher control modes (Gleason & Wiggenhorn, 2007; Petrou, 2009; Buckley & Casson, 1996).

The factor experience and knowledge are positive driver, for high equity modes like WOS (Demirbag et al., 2009;Contractor & Kundu, 1998; Puck et al., 2009; Demirbag et al., 2009). On the other hand, desired knowledge is a driver for JV (Edwards & Buckley, 1998). Contrary to the tested hypothesis Ortiz-de-Urbina-Criado et al. (2014) companies don't opt for JV when they implement growth strategy in unrelated diversification. This does not align with the assumption that lack of knowledge and high resource commitments are indicators for the formation of JV and questions the application of TCT as it leads to uncoherent assumptions. From organizational learning perspective, experience leads to higher control modes whereas experience in the formation of JVs to the creation of other JVs (Contractor & Kundu, 1998; Lyles, 1994). From an organizational learning perspective, experience promotes higher control modes, while experience in forming JVs increases the likelihood of establishing additional JVs (Lu et al., 2018). From the perspective of agency theory, high experience leads to the preference for higher control modes, such as acquisition, over JVs (Lai et al., 2012) and effective management encourages high equity modes (Contractor & Kundu, 1998).

5.2. External factors

The cost factor influences the choice of control mode by favoring JV over WOS from the perception of TCT (Ingham & Thompson, 1994; Tsang, 2005;Ortiz-de-Urbina-Criado et al., 2014; Chen & Hennart, 2002). Partner investments help to reduce relative capital requirements, further promoting a preference for lower control modes (Jell-Ojobor & Windsperger, 2014). Additionally, the costs associated with advertising can increase the likelihood of JV formation (Hennart & Zeng, 2002; Demirbag et al., 2007; Demirbag, Tatoglu, et al., 2010), thus reducing the tendency for higher control modes. However, studies have found that, in certain cases, JVs were preferred over contracting arrangements (Tsang, 2005) showcasing an unclear tendency. The use of bargaining power perspectives led to diverse and partly unstable conclusions and results. A basic premise is that the MNC have a natural preference for high-control modes because this is the most desirable arrangement in terms of its long run ability to dominate a foreign market. Therefore, more control leads to more bargaining power. The hypothesis derived from the theory suggests that lower labor costs lead to a preference for higher control modes. However, the results did not support this hypothesis. While the theory outlines this mechanism, the findings of this paper highlight that highly competitive markets may act as a mediating factor. This stems from the idea that bargaining power of MNC decreases with increasing competition and should result in low entry modes (Somlev & Hoshino, 2005)

Nonetheless the assumption that competition increases the propensity for contractual arrangements thus lowering the level of control modes was not supported. Instead, the results showed that control modes in fact increased in highly competitive markets (Tsang, 2005). This phenomenon can be predicted trough diverse lenses. Besides bargaining power, organizational learning theory (Contractor & Kundu, 1998), TCT (Demirbag, Tatoglu, et al., 2010), Porters 5 forces (Elango & Sambharya, 2004) and strategic behavior perspective (Cui & Jiang, 2010) is an applicable option.

The literature shows different assumptions regarding companies entering volatile markets. Companies prefer high control modes like acquisition over greenfield as it is faster to implement and reduces opportunity costs from the perspective of TCT (Hennart, Reddy, 1997). From an experience perspective companies tend to choose JV over acquisition but can be influenced by high linking capabilities because the company can profit from high networking skills and thus shift to higher control modes (Tseng & Lee, 2010). Both assumptions were validated and supported by the studies. The divergence appears to stem from differences in research samples. Tseng & Lee (2010) examined Vietnamese companies who are pristine for good networking skills while Hennart & Reddy (1997) compared Japanese companies. Companies tend to favor high control modes when market potential is significant. However, this tendency may be mitigated by market risk and strengthened by factors such as company experience and size, as outlined in the OLI Framework (Agarwal & Ramaswami, 1992), TCT (Somlev & Hoshino, 2005) and Porters 5 forces (Elango & Sambharya, 2004). Conversely did market size does not influence the decision for market entry mode (Somlev & Hoshino, 2005). The authors suggest that this outcome may be influenced by the specific research context in Europe.

Drivers for the formation of JVs are external uncertainty (Puck et al., 2009; Kogut, 1988), country risk (Tsang, 2005; Contractor & Kundu, 1998) and political risk (Lu et al., 2018), financial risk (Ingham & Thompson, 1994) and corruption distance between home and host country (Duanmu, 2011). Furthermore, do regulations and constraints favor the formation of JV (Petrou, 2009; Demirbag et al., 2009; Makino & Beamish, 1998). Developed countries are fundamentally beneficial for WOS (Demirbag et al., 2007). When countries with low development or political risk does governmental aid improve the level of control mode (Lu et al., 2018). From agency theory perspective, high behavioral uncertainty also leads to less control modes (Jell-Ojobor & Windsperger, 2014). SME also preferred JV when geographical distance is high (Del Bosco & Bettinelli, 2020).

Cultural distance & language distance posits a dispute in the literature. This was also examined by Brouthers & Brouthers (2001). Despite the effort the discussion between cultural distance and entry mode is not solved as we can see from our sample. Especially when we include the perspective of risk involved with the question. Brouthers & Brouthers (2001) proved that cultural distance in combination with country risk led to higher control modes than JV. Also, Tsang (2005) found, against his assumption that, cultural distance led to higher control modes. This is contrary to Demirbag et al. (2009) who found no significant interaction between cultural distance and the choice for JV.

From the institutional perspective, cultural distance is a predictor for low entry modes (Demirbag et al., 2007; Cui & Jiang, 2009). Similarly, does internalization theory lead to the assumption that cultural distance results in contracting and not the investment into JV as it includes that high management costs and the internalization via JV is complicated. The more similar the culture of the host market is the easier to internalize (Gleason & Wiggenhorn, 2007; Petrou, 2009; Buckley & Casson, 1996). López-Duarte & Vidal-Suárez (2010) found as well that cultural distance, political risk and language distance has a negative impact on the level of control and favors JV. Demirbag et al. (2009) supports this by proving the hypothesis that language distance favors JV.

Interesting results were found in studies where cultural distance models and Hofstede's Dimensions where integrated. For example, has cultural distance a positive effect in control modes for SMEs (Del Bosco & Bettinelli, 2020) but has a negative effect for multinationals which show a propensity to choose JV as entry mode (Li et al., 2021; Petrou, 2009). That MNEs rather opt for higher control modes in that regard was also supported from the view of linking capabilities (Tseng & Lee, 2010).

The literature shows the application TCT or internalization theory have problems determining correct assumptions in that manner. Hofstede cultural dimensions provide additional insight in the differences between cultures and enables deeper analysis of the own culture. This approach can also be observed in Somlev & Hoshino, (2005) or Makino

& Neupert (2000) as they proved that the own cultural type influences the entry mode as well. Furthermore, does not only the difference of the culture of the host country but also the culture of the affiliate partner seems to negatively moderate the cultural distance so that low control modes are preferred (Li & Xie, 2016). The divergence in the results can be drawn from the size of the company as multinationals seek local expertise and have the resources to manage JVs. Compared to SMEs, JV management is time intensive and costly and cultural distance needs to be circumvented by WOS.

Cultural distance can be moderated by other factors like markets with high uncertainty (Brouthers & Brouthers, 2001), risk (López-Duarte & Vidal-Suárez, 2010) or family control (Del Bosco & Bettinelli, 2020). One specific paper compares the contradicting views where TCT proclaims that cultural distance leads to costs of opportunism leading to high control modes whereas internalization theory proposes that cultural distance requires knowledge acquisition and therefore favors JV. The study showed that companies favor JVs to acquire knowledge, and that opportunism does not influence the decision-making process. The authors concluded the incoherence in the studies that rely on secondary data might lead to diverging results (Dow et al., 2020).

Furthermore, the literature shows that institutional theory predicts environmental and political constraints, and the connected uncertainty and restrictions show a negative association with control modes (Demirbag et al., 2007; Demirbag, , et al., 2010; Cui & Jiang, 2009; ; Tseng & Lee, 2010; Li et al., 2021) as well as the institutional distance (Li et al., 2021; Demirbag et al., 2007). Corruption distance increases the likelihood for the choice for JV (Demirbag, McGuinness, et al., 2010) but can't be applied for MNE (Duanmu, 2011). Also, the literature found a positive association with high control modes when competition and FDI concentration is high in the host country (Demirbag et al., 2007; Somlev & Hoshino, 2005). From perspective of agency theory managers from higher developed markets tend to preferer lower entry modes like franchising when entering markets with lower development (Contractor & Kundu, 1998).

The following table summarizes the variables of the discussed theories and shows the influence on the choice of entry mode. The variables have either a positive or negative influence on the level of the control mode resulting in the choice for JV or acquisition, greenfield or WOS. There are explanations, exceptions and moderating factors attached in the "Notes" column.

Figure 11: Internal and external factors

Internal Factors	Influence on level of control	Joint Venture	Aquisition/ Greenfield/ WOS	Notes
Size company	+		x	Company size has a positive effect level of control.
Size affiliate	-	x		The size of the affiliate has a negative effect on the level of control.
Specific assets company	+		x	Asset specificity of a company have a positive influence on the level of control.
Intangible assets of the affiliate	-	x		Intangbile assets of the affilitate are drivers for JV.
Demand for resources	-	x		Demand of resources of a the affilate or the host country are drivers for JV.
Experience	+		x	Internationl experience is a driver for high control modes. Managers opt for entry modes where they have proir experience.
Desired knowledge	-	x		Companies opt for JV when they want to optain knowledge of another company.
External Factors	**Influence on level of control**	**Joint Venture**	**Aquisition/ Greenfield/ WOS**	**Notes**
Entry cost	-	x		High market entry costs are drivers for low control modes to share costs.
Market competition	+		x	In high market competition SMEs and MNEs should opt for high control modes.
Market volatility	+/-	x	x	Cultural characteristics influence the persecption of risk and can lead to high or low control modes.
Market potential	+		x	Size and experience moderates market potenital positivley and market risk moderates market potential negativley.
External Uncertainty	-	x		External uncertainties like country risk, political risk, financial risk and corruption are drivers for JV.
Cultural distance	+/-	x	x	SMEs favor high control modes and MNEs favor JV when cultural distance is high. Also the companies cultural characteristics like risk awareness moderates the desicion.

6. Conclusion

The literature sample started very broad to identify research gaps in the field and to get an overview of the current research status. After the initial research and the collection of review papers on IJV the research question initiated the process to narrow down the literature to the choice of entry mode with the focus on IJVs and which theories are used pro and con the formation of IJVs. To be ensured that the focus of our sample was placed on IJV research the papers were extracted from the initial sample on IJV research.

The papers limitation is the literature sample. We only drew samples from top journals and only from one data bank namely Scopus. Despite the literature sample is vast and covers many papers other literature reviews have included. We must be aware that the inclusion of all relevant papers could differ in other semi-systematic reviews. Also do authors emphasize on the reliance of secondary data and lack of data sets and must be further investigated in another study. For understanding the data, the thesis referees to "Understanding the alliance data" by Schilling (2009) for example.

The theoretical analysis of literature sample shows a strong connection in the utilization of transaction cost theory in combination with internalization perspectives, resource-based views. This might be due to complementary features of the theories. Nonetheless both theories disregard the behavioral approach of the companies' agents that is built on culture, knowledge and experience. Theories like the Uppsala model and internationalization theory are not as common in combination with TCT. This approach was only used by Edwards & Buckley (1998) as the sample shows. This might be due to incompatibility of the Uppsala model for MNEs and is rather fitting for companies at the beginning of internationalization.

In general, many theories describe different parts of entry mode choice and a combination of several could lead to a wider perspective and insight when choosing between entry modes. The choice between entry modes and deciding between wholly owned or shared modes are often decided by the inclusion of the TCT perspective. Nonetheless, the literature shows that TCT alone does not cover all immanent variables for a complete framework. Therefore, the theory is often complemented with other frameworks such as the psychic distance frameworks like Hofstede's cultural dimensions or institutional theory. Another reoccurring approach is to create syncretic concepts of internationalization theories to create hypothesis regarding whether a firm should internationalize with high or low equity modes. TCT for example is therefore widely used hence it is studied comprehensively. Nonetheless a comprehensive theory to choose between modes is necessarily syncretic (Contractor & Kundu, 1998).

Another conclusion of the thesis is that extensions of internationalization theories help managers assess external factors of entry mode decision. For example, theories for the assessment of institutions can help to understand and evaluate institutional risk. Frameworks that examine cultural distance help understand cultural uncertainty. Agent theory, behavioral theories, experience and organizational learning helps to analyze internal agents and their preferences and network theory helps to understand the embeddedness of the company affecting its decisions. Other approaches include market assessment theories like porters 5 forces for example.

Over time the theoretical development shows a trend to shift the focus from firm specific factors like size, cost, assets and market variables to shift to a broader perspectives and incorporating factors like cultural, behaviors of agents and institutional theories including more internal and external variables and analytical competences.

In the theoretical field research gaps emerge. For example, we find no clear benchmarking of the variables in the literature. Despite some efforts of authors addressing more relevance to certain variables it is not clear at which point a company should opt for the one or the other entry mode. It can be observed that variables moderate each other. Under a certain set of preconditions of the company internal and external factors vary in their influence. For example, react SMEs different to cultural distances than MNEs when institutional conditions vary.

Furthermore, could the application of cultural distance frameworks diverge according to the focal country and company. For example, could the framework change in their accuracy when a European company expands within the EU compared to non-EU countries. The relevance of variables might also differ from the degree of development of the country of the expanding company.

Differences in the literature might stem from the size of the companies in the observed sample. For example, have large MNEs the ability to cover for uncertainty factors like institutional risk and cultural distance by the number of resources they can allocate. The weight of these factors varies based on the size of the company. What is significant for smaller firms may be less relevant for larger ones. Additionally, the assumptions of certain theories may shift depending on the studied sample. This suggests that theories may need to be adapted according to company size and cannot be generalized across businesses of all scales. Further studies could focus on the creation of distinct frameworks for large scale multinationals, MNEs and SMEs.

We further conclude that contradicting results in the literature might stem from cultural differences of the focal companies. Coherent theoretical assumptions and results must include the cultural preferences of the examined country and their agents and further investigations are necessary to understand how risk-awareness of mangers influences the choice. The own perception of uncertainty might play a significant role.

Drawing conclusion from the literature review it is evident that TCT covers the essential indicators if a company should choose high control modes like WOS, greenfield or acquisition or share control in a JV and is the most generalizable theory. In the review we discussed all relevant variables that influence such decision. TCT focuses on the costs occurring by the market entry and therefore must be the main driver in the decision-making process. Transaction cost theory seems to be a core theory that must be incorporated in all theories as it provides the fundamental perspective to make the market expansion profitable which is and must be the core idea of international endeavors. Nonetheless, it should be complemented with other theories including other aspects that shape the decision of entry mode. For example, transaction specific assets ca be better understood by including resource-based views, organizational learning, knowledge acquisition theories and internalization theories. We cannot disregard the importance of the OLI framework, but the literature shows that many aspects and variables can be correctly assumed form TCT. Furthermore, conclusive theories like institutional theory that help to explain external uncertainties by breaking down the institutional complexity and to navigate where the uncertainty might stem from. A rather uncommon approach is Porters 5 forces in combination of entry mode where the industry can be further assessed but provides an interesting approach to the question of entry mode choice.

Internal uncertainty can be further broken down by Hofstede's Cultural Dimension. This framework can be used to analyze the own cultural positioning but also the host countries competitors and possible alliance partners. Once again, this deepening framework can help to determine uncertainty and how distant the culture of the host market is to the home country. Agency theory must play a role in assessing the own company and the mangers. Managers knowledge, experience and the embedded network strongly affect the choice of entry modes as we discussed in the paper and therefore plays a role in answering the question about the choice between JV or other entry modes. It must be mentioned that internationalization theory is not as present besides the extracted concept of psychic distance as it focuses on smaller companies at the beginning of their internationalization journey whereas the theories concerning our literature sample are already established MNEs. Just in a view examples articles focus on SMEs. A holistic framework for market entry choice must build on TCT but has to adapt for preconditions of the company and use appropriate theories for individual research cases.

Implications for the MNEs can be drawn from internal and external factors that influence the decision-making process. The results of internal factors have shown that company size of a company has a positive effect on the level of control as large companies have sufficient resources to enter a market with higher financial risk. In contrast the size of the affiliate has an opposing effect and makes a JV a better decision for market entry. Specific assets of a company play a decisive role for WOS and higher control modes, as companies can best leverage their own assets in foreign markets best with high control. Conversely, when desired assets and resources are intangible and protected by the affiliate, a JV becomes the preferred option. International experience tends to favor high-control modes but it depends on the type of FDI experience the agents accumulated. If agents have prior experience with JVs, they are more likely to choose the same entry mode again. Additionally, desired knowledge can be obtained through JVs or acquisitions, favoring lower control modes compared to WOS.

External factors such as entry costs negatively impact the level of control but can be shared in a JV making new market entries less risky. Despite the higher risks associated with entering highly competitive markets various studies found that companies do not typically opt for JV in these conditions. This might stem from highly competitive markets require fast decision making which is challenging in a JV. Conversely, high market potential positively affects the level of control where size and experience enhance the effect and country risk mitigates it. A review of the literature clearly indicates that country risks have a negative impact on the formation of high-control entry modes. Finally, the factor of cultural distance has opposing effects on MNEs and SMES. MNEs are more likely to choose JV to counteract cultural distance as they have resources to manage a JV and learn from their partners. SMEs, on the other hand, tend to prefer high control entry modes as JV are time intensive and costly to manage. The agent's own cultural background and risk awareness also play a moderating role in their perception of uncertainties related to cultural differences.

Finally, the thesis concludes the decision of entry mode ergo for or against JV relies on transaction specific variables and the uncertainty retrieved from institutional and cultural differences by including the culture, behavior and preferences of the own agents of the expanding company and market conditions. To create a comprehensive approach for entry mode decision a meta theory must include analytic parts on the firm level, the industry level, cultural level and institutional level and might differ on base of the preconditions of the focal company.

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8. Appendix

Table 1: Ranked journals of "international business and Area Studies"

ISSN	Field	Journal Title	Publisher	AJG 2021	AJG 2018	AJG 2015	ABS 2010	Journal Citation Reports™ rank	SNIP rank	SRJ rank	CiteScore rank
1478-6990	IB&AREA	Journal of International Business Studies	Springer Nature	4*	4*	4*	4	1	1	1	1
1878-5573	IB&AREA	Journal of World Business	Elsevier	4	4	4	3	2	3	3	2
1468-5965	IB&AREA	Journal of Common Market Studies	Wiley-Blackwell	3	3	3	3	10	4	2	6
1861-8901	IB&AREA	Management International Review	Springer Nature	3	3	3	3	8	15	11	

1572-9958	IB&AREA	Asia Pacific Journal of Management	Springer Nature	3	3	3	2	6	11	8	5
1873-6149	IB&AREA	International Business Review	Elsevier	3	3	3	3	5	5	9	3
1873-0620	IB&AREA	Journal of International Management	Elsevier	3	3	3	2	4	10	6	4
1468-2621	IB&AREA	African Affairs	Oxford University Press	3	3	3		7	2	5	10
1740-8784	IB&AREA	Management and Organization Review	Cambridge University Press	3	3	3		3	8	4	8

Table 2: Ranked journals "Strategy":

ISSN	Field	Journal Title	Publisher	Scopus	Web of Science™	AJG 2021	AJG 2018	ABS 2010	Journal Citation Reports™ rank	SNIP rank	SJR rank	CiteScore rank
1097-0266	STRAT	Strategic Management Journal	Wiley-Blackwell	Scopus*		4*	4*	4*	1	1	1	1
2042-5805	STRAT	Global Strategy Journal	Wiley-Blackwell	Scopus*		4	3	3	2	2	2	2
1741-315X	STRAT	Strategic Organization	SAGE	Scopus*		3	3	3	2	2	2	2
1873-1872	STRAT	Long Range Planning	Elsevier	Scopus*		3	3	3	2	2	2	2

Table 3: Initial literature sample:

Journal	Keyword – Title - Abstract	Results
African Affaires	Joint venture	1
Asia Pacific Journal of Management	Joint venture	33
Global Strategy Journal	Joint venture	7
International Business Review	Joint venture	92
Journal of international business	Joint venture	125
Journal of International management	Joint venture	42
Journal of Common Market Studies	Joint venture	0
Journal of world business	Joint venture	56
Management and Organization Review	Joint venture	5
Management International Review	Joint venture	30
Strategic Management journal	Joint venture	75
Strategic Organization	Joint venture	0
Long Range Planning	Joint venture	43
Total		**492**

Table 4 highest citation rank

	Title	Authors	Journal	Cited By	References
1	The Effect of National Culture on the Choice of Entry Mode	Bruce Kogut, Harbir Singh	Journal of International Business Studies	5789	28
2	Alliances and networks	R. Gulati	Strategic Management journal	5014	108
3	Joint ventures: Theoretical and empirical perspectives	B. Kogut	Strategic Management journal	3730	44
4	Absorptive capacity, learning, and performance in international joint ventures	Peter J. Lane, J. Salk, Marjorie A. Lyles	Strategic Management journal	2064	69

5	FOREIGN ENTRY, CULTURAL BARRIERS, AND LEARNING	H. Barkema, John Bell, J. Pennings	Strategic Management journal	1936	54
6	A transaction costs theory of equity joint ventures	J. Hennart	Strategic Management journal	1929	26
7	Exploration and Exploitation Alliances in Biotechnology: A System of New Product Development	F. Rothaermel, David L. Deeds	Strategic Management journal	1884	57
8	Do Firms Learn to Create Value? The Case of Alliances	Bharat Anand, T. Khanna	Strategic Management journal	1806	62
9	Institutions, Resources, and Entry Strategies in Emerging Economies	K. Meyer, S. Estrin, S. Bhaumik, Mike W. Peng	Multinational Enterprises and Emerging Economies	1710	125
10	Choice of Foreign Market Entry Mode: Impact of Ownership, Location and Internalization Factors	Sanjeev Agarwal, Sridhar N. Ramaswami	Journal of International Business Studies	1588	60
11	Knowledge acquisition from foreign parents in international joint ventures: an empirical examination in the Hungarian context	Marjorie A. Lyles, Jane E. Salk	Journal of International Business Studies	1281	47
12	Measuring Performance of International Joint Ventures	J. Michael Geringer, Louis Hébert	Journal of International Business Studies	1155	38
13	Globalisation, economic geography and the strategy of multinational enterprises	Peter J. Buckley, Pervez N. Ghauri	Journal of International Business Studies	992	84
14	Joint ventures and competitive strategy	K. R. Harrigan	Strategic Management journal	986	10
15	Managing tacit and explicit knowledge transfer in IJVs: the role of relational embeddedness and the impact on performance	Charles Dhanaraj, Marjorie A. Lyles, H. Kevin Steensma, Laszlo Tihanyi	Journal of International Business Studies	984	61
16	The Internationalization of Chinese Firms: A Case for Theoretical Extension?[1]	John Child, Suzana B. Rodrigues	Management and Organization Review	983	50
17	Control and Performance of International Joint Ventures	J. Michael Geringer, Louis Hébert	Journal of International Business Studies	910	61

18	Marketing and technology resource complementarity: An analysis of their Interaction Effect in two environmental contexts	Michael Song, C. Droge, Sangphet Hanvanich, R. Calantone	Strategic Management journal	858	55
19	Contract, cooperation, and performance in international joint ventures	Yadong Luo	Strategic Management journal	798	36
20	Equity Joint Ventures and the Theory of the Multinational Enterprise	Paul W. Beamish, John C. Banks	Journal of International Business Studies	709	40
21	The choice between mergers/acquisitions and joint ventures: The case of Japanese investors in the United States	J. Hennart, S. Reddy	Strategic Management journal	670	3
22	The scope and governance of international R&D alliances	Joanne E. Oxley, Rachelle C. Sampson	Strategic Management journal	669	62
23	Revisiting Multinational firms' Tolerance for Joint Ventures: A Trust-Based approach	Anoop Madhok	Journal of International Business Studies	656	59
24	Strategic Determinants of Partner Selection Criteria in International Joint Ventures	J. Michael Geringer	Journal of International Business Studies	648	26

Table 5 highest reference rank

Title	Authors	Journal	Cited By	References
On the future of international joint venture research	Michael Nippa, Jeffrey J. Reuer	Journal of International Business Studies	96	377
Developed country MNEs investing in developing economies: Progress and prospect	Yadong Luo, Huan Zhang, Juan Bu	Journal of International Business Studies	111	273
The Choice of Governance Modes of International Franchise Firms — Development of an Integrative Model	Maria Jell-Ojobor, Josef Windsperger	Journal of International Management	42	218
Predictors of Individual Knowledge Acquisition Commitment in a Post-Soviet Setting	Ruth C. May, Wayne H. Stewart, Sheila M. Puffer, Daniel J. McCarthy, Donna E. Ledgerwood	Management International Review	19	186

Phasing the operation mode of foreign subsidiaries: Reaping the benefits of multinationality through internal capital markets	Jan Hendrik Fisch, Bjoern Schmeisser	Journal of International Business Studies	13	185
Language friction and partner selection in cross-border R&D alliance formation	Amol M. Joshi, Nandini Lahiri	Journal of International Business Studies	59	181
Strategic agility and international joint ventures: The willingness-ability paradox of family firms	Francesco Debellis, Alfredo Vittorio De Massis, Antonio Messeni Petruzzelli, Federico Frattini, Manlio Del Giudice	Journal of International Management	82	179
Global Cities and Multinational Enterprise Location Strategy	Anthony Goerzen, Christian Geisler Asmussen, Bo Bernhard Nielsen	Journal of International Business Studies	290	164
Resource dependence theory in international business: Progress and prospects	Han Jiang, Yadong Luo, Jun Xia, M. Hitt, Jia Shen	Global Strategy Journal	11	159
Domestic alliance network to attract foreign partners: Evidence from international joint ventures in China	Weilei (Stone) Shi, Sunny Li Sun, Brian C. Pinkham, Mike W. Peng	Journal of International Business Studies	146	156
Contextualizing international learning: The moderating effects of mode of entry & subsidiary networks on the relationship between reforms & profitability	Luis Alfonso Dau	Journal of World Business	35	155
In country we trust? National trust and the governance of international R&D alliances	Seok-Woo Kwon, Jerayr Haleblian, John Hagedoorn	Journal of International Business Studies	24	155
Knowledge transfer from international joint ventures to local suppliers in a developing economy	Zaheer Khan, Oded Shenkar, Yong Kyu Lew	Journal of International Business Studies	88	155
The principle of congruity in the analysis of international business cooperation	Peter J. Buckley, Adam R. Cross, Claudio De Mattos	International Business Review	12	153
Transnational Diaspora and Civil Society Actors Driving MNE Internationalisation: The Case of Grameenphone in Bangladesh	Mohammad Bakhtiar Rana, Maria Elo	Journal of International Management	48	149
The Interplay of Top-down Institutional Pressures and Bottom-up Responses of Transition Economy Firms on FDI Entry Mode Choices	Chris Changwha Chung, Simon Shufeng Xiao, Jeoung Yul Lee, Jingoo Kang	Management International Review	37	148

Ownership mode, cultural distance, and the extent of parent firms' strategic control over subsidiaries in the PRC	Jonas F. Puck, Markus K. Hödl, Igor Filatotchev, Hans-Georg Wolff, Benjamin Bader	Asia Pacific Journal of Management	22	146
Interactive visualization for research contextualization in international business	Andreas Schotter, Olha Buchel, Tatiana Vashchilko	Journal of World Business	17	146
Real options theory in strategic management	L. Trigeorgis, J. Reuer	(missing journal)	282	143
How Do Family SMEs Control Their Investments Abroad? The Role of Distance and Family Control	Barbara Del Bosco, Cristina Bettinelli	Management International Review	26	143
Institutional and transaction cost influences on partnership structure of foreign affiliates	Mehmet Demirbag, Ekrem Tatoglu, Keith W. Glaister	Management International Review	37	139
Does politician turnover affect foreign subsidiary performance? Evidence in China	Weiguo Zhong, Ya (Lisa) Lin, Danxue Gao, Haibin Yang	Journal of International Business Studies	56	138
Equity-based entry modes of emerging country multinationals: lessons from Turkey	Mehmet Demirbag, Ekrem Tatoglu, Keith W. Glaister	Journal of World Business	189	137
Foreign influence, control, and indirect ownership: Implications for productivity spillovers	Sara L. McGaughey, Pascalis Raimondos, Lisbeth la Cour	Journal of International Business Studies	7	136
Foreign buyout of international equity joint ventures in China: When does performance improve?	Jing-Lin Duanmu, Thomas C. Lawton	(missing journal)	5	136

Table 6: Final sample & hypothesis

Name	Hypothesis	Result	Theory
The Effect of National Culture on the Choice of Entry Mode	Hypothesis 1: The greater the cultural distance between the country of the investing firm and the country of entry, the more likely a firm will choose a joint venture or wholly owned greenfield over an acquisition.	Proven	Transaction Cost Theory (Psychic distnace), Hofstede Cultural Dimensions

Kogut & Singh (1988)	Hypothesis 2: The greater the culture of the investing firm is characterized by uncertainty avoidance regarding organizational practices, the more likely that firm will choose a joint venture or wholly owned greenfield over an acquisition.	Proven	

Choice of Foreign Market Entry Mode: Impact of Ownership, Location and Internalization Factors Agarwal & Ramaswami (1992)	Hypothesis 1: Larger firms with more multinational experience are more likely to choose sole ventures, even in countries with relatively lower market potential.	Proven	OLI Framework
	Hypothesis 2: Smaller firms with less multinational experience are more likely to choose joint ventures in countries with higher perceived market potential.	Proven	
	Hypothesis 3: Firms that have a higher ability to develop differentiated products are more likely to choose a sole venture mode in markets with high investment risks.	Not proven	
	Hypothesis 4: Firms with the ability to develop differentiated products are likely to choose sole ventures in countries with high contractual risks.	Proven	
	Hypothesis 5: Firms may show a higher preference for exporting or joint ventures in countries with both high market potential and high investment risks.	Partially Proven	

Wholly-Owned vs. Collaborative Ventures for Diversifying Financial Services	Hypothesis 1: Firm-specific assets (such as brand name capital, branch networks, and specialized human capital) will be positively associated with the probability of wholly-owned ventures.	Proven	Transaction Cost Theory

Ingham & Thompson (1994)	Hypothesis 2a: Firm size will be positively related to the likelihood of wholly-owned activity.	Proven	
	Hypothesis 2b: Firms with higher reserves (assets minus liabilities) will be more likely to engage in wholly-owned activity.	Proven	
	Hypothesis 2c: Firms entering high fixed-cost activities will tend to use collaborative ventures.	Proven	
	Hypothesis 2d: Firms entering high financial risk markets will tend to use collaborative ventures for risk-sharing.	Proven	
	Hypothesis 3: Firms with higher pre-deregulation profitability will be less likely to use wholly-owned expansions.	Not proven	
	Hypothesis 4: Collaborative ventures will be more likely in markets covered by the regulatory restrictions of the 1986 Financial Services Act.	Proven	

The Impact of Organizational Learning on Joint Venture Formations	Hypothesis 1: Past organizational learning and experience will influence the structure and formation of new joint ventures.	Proven	Experience & Organizational Learning Theory
Lyles (1994)	Hypothesis 2: Firms that have developed specific success programs are more likely to repeat the same structural arrangements in new joint ventures.	Proven	
	Hypothesis 3: The performance of past joint ventures will significantly influence future joint venture formations.	Proven	
	Hypothesis 4: Firms with more collaborative experience are more likely to engage in imitation or	Proven	

	vicarious learning from other firms' joint ventures.		
	Hypothesis 5: Firms that have developed discrimination skills (the ability to differentiate between JV situations) will apply these skills in deciding the structure of future JVs.	Proven	

An Economic Model of International Joint Venture Strategy Buckley & Casson (1996)	Hypothesis 1: The greater the lack of patent rights, the more licensing is preferred over IJVs and mergers.	Proven	internalization theory
	Hypothesis 2: The greater the uncertainty about a firm's technological competence, the more joint ventures or mergers will be preferred over licensing.	Proven	
	Hypothesis 3: Cultural distance between firms increases the cost of IJVs and favors licensing or mergers depending on the circumstances.	Partially Proven	
	Hypothesis 4: Firms with strong protection of independence or 'national champion' status are more likely to resist mergers and prefer IJVs or licensing.	Proven	
	Hypothesis 5: Economies of scope in technology favor IJVs over mergers.	Proven	

The Choice Between Mergers/Acquisitions and Joint Ventures: The Case of Japanese Investors in the United States	Hypothesis 1: Acquisitions will be preferred to joint ventures when the desired assets are "digestible" (i.e., when the U.S. partner is small or divisionalized).	Proven	Transaction Cost Theory
Hennart & Reddy, 1997	Hypothesis 2: Acquisitions will be preferred to joint ventures when the Japanese	Proven	

	investor has long experience in the U.S. market.		
	Hypothesis 3: Acquisitions will be preferred to joint ventures when the Japanese investor is in the same industry as the U.S. subsidiary.	Not proven	
	Hypothesis 4: Joint ventures will be preferred to acquisitions when the Japanese and American partners are in different industries.	Not proven	
	Hypothesis 5a: Joint ventures will be preferred to acquisitions in concentrated U.S. industries.	Not proven	
	Hypothesis 5b: Acquisitions will be preferred to joint ventures in concentrated U.S. industries.	Not proven	
	Hypothesis 6: Acquisitions will be preferred to joint ventures when the U.S. industry entered is growing very rapidly or very slowly.	Proven	

Location Specificity and the Transferability of Downstream Assets to Foreign Subsidiaries Anand & Delios (1997)	Hypothesis 1: The greater the proportion of production that must occur at the time of consumption, the greater the frequency of entry by acquisition and local partner joint ventures (JVs).	Proven	internalization theory, Eclectic model
	Hypothesis 2: The greater the proportion of production that must occur at the time of consumption, the greater the proportion of local employment in the foreign subsidiary.	Proven	
	Hypothesis 3a: In industries where a smaller proportion of production must occur at the time of consumption, greenfield entries will perform	Proven	

	better than acquisitions and local partner JVs.		
	Hypothesis 3b: In industries where a larger proportion of production must occur at the time of consumption, acquisitions and local partner JVs will perform better than greenfield entries.	Proven	
Choice of Location and Mode: The Case of Australian Investors in the UK Edwards & Buckley (1998)	Hypothesis 1: Psychic distance explains the locational choice of Australian investment in the UK.	Proven	Transaction Cost Theory, Internationalization Theory
	Hypothesis 2: Australian FDI in the UK is the result of a staged entry process.	Not proven	
	Hypothesis 3: Firms will choose sole ventures except where access to market share or knowledge is the priority.	Proven	
	Hypothesis 4: Firms will choose greenfield investments over acquisitions except where rapid access to market share, productive capacity, or knowledge is the priority.	Proven	
Modal Choice in a World of Alliances: Analyzing Organizational Forms in the International Hotel Sector Contractor & Kundu (1998)	Hypothesis 1: Higher levels of country political and economic risk will be associated with non-equity modes (such as franchising or management service agreements).	Proven	Transaction Cost Theory, Institutional Theory, Experience & Organizational learning Theory, Agency Theory
	Hypothesis 2: Greater cultural distance between the home country and the host country will be associated with non-equity modes.	Proven	
	Hypothesis 3: Higher levels of economic development in the host country will be associated with non-equity modes (like franchising).	Proven	

	Hypothesis 4: Greater penetration of foreign business in the local economy will be associated with equity modes.	Proven
	Hypothesis 5: Larger firm size will be associated with higher levels of equity ownership and control.	Proven
	Hypothesis 6: More internationally experienced firms will prefer equity ownership.	Proven
	Hypothesis 7: The more international a firm's operations, the more likely it is to choose equity ownership.	Proven
	Hypothesis 8: The perceived importance of global scale will be positively associated with equity modes.	Proven
	Hypothesis 9: The perceived importance of management and quality control will be positively related to equity ownership.	Proven
	Hypothesis 10: The perceived importance of firm size in global operations will be positively associated with equity modes.	Proven
	Hypothesis 11: The perceived importance of a global reservations system and brand will be negatively associated with equity modes.	Proven
	Hypothesis 12: Greater investment in training will be associated with equity modes.	Proven

Local Ownership Restrictions, Entry Mode Choice, and FDI Performance: Japanese Overseas Subsidiaries in Asia	Hypothesis 1: Local ownership restrictions will influence the choice of foreign entry mode, leading firms to favor joint ventures (JVs) over wholly-owned subsidiaries (WOS) in countries with strict ownership restrictions.	Proven	Transaction Cost Theory, Resource-Based View
Makino & Beamish (1998)	Hypothesis 2: Local ownership restrictions will have a negative effect on the financial performance of WOS but will not directly influence the financial performance of JVs.	Proven	
	Hypothesis 3: The extent of local ownership restrictions will not directly influence the termination rate of both JVs and WOS.	Proven	

Alliances and Networks	Hypothesis 1: Social networks play a critical role in the formation of alliances.	Proven	Network perspective
Gulati (1998)	Hypothesis 2: Social networks influence the choice of governance structure in alliances.	Proven	
	Hypothesis 3: Alliances evolve dynamically over time, influenced by the initial conditions and ongoing interactions between partners.	Proven	
	Hypothesis 4: Social networks impact the performance of alliances, with embedded alliances tending to perform better.	Proven	

National Culture, Transaction Costs, and the Choice Between Joint Venture and Wholly Owned Subsidiary	Hypothesis 1: Japanese firms investing in the U.S. have a higher propensity to choose wholly owned subsidiaries (WOS) over joint ventures (JV)	Proven	Hofstede's / Transaction Cost

	compared to U.S. firms investing in Japan.		
Makino & Neupert (2000)	Hypothesis 2: Transaction cost factors that influenced the choice between JV and WOS by Japanese firms investing in the U.S. would also influence the choice made by U.S. firms investing in Japan.	Proven	

Digestibility and Asymmetric Information in the Choice Between Acquisitions and Joint Ventures: Where’s the Beef?	Hypothesis 1: Japanese investors are more likely to choose joint ventures over acquisitions when the U.S. target is large and non-divisionalized.	Proven	Internalization theory, information asymmetry
Hennart & Reddy (2000)	Hypothesis 2: Inexperienced investors are more likely to choose joint ventures over acquisitions.	Proven	
	Hypothesis 3: Joint ventures are more likely when the Japanese and U.S. parent firms do not manufacture the same products (asymmetric information hypothesis).	Not proven	

Explaining the National Cultural Distance Paradox	Hypothesis 1: As the cultural distance between home and host countries increases, managers tend to select joint venture (JV) modes of entry.	Proven	Transaction Cost Theory, Hofstede's Cultural Dimensions Framework.
Boruthers & Brouthers (2001)	Hypothesis 2a: If host country risk is perceived as high and cultural distance increases, managers will select wholly owned forms of entry.	Proven	

	Hypothesis 2b: For each of the four cultural attributes (power distance, individualism, masculinity, and uncertainty avoidance), if country risk is high and cultural distance increases, managers will select wholly owned forms of entry.	Proven	

Japanese Investors' Choice of Joint Ventures Versus Wholly-Owned Subsidiaries in the US: The Role of Market Barriers and Firm Capabilities	Hypothesis 1: Industry reputation barriers should encourage Japanese investors to choose joint ventures over wholly-owned subsidiaries in the US.	Not proven	Transaction Cost Theory, resource-based view, cultural distance framework
Chen & Hennart (2002)	Hypothesis 2: Japanese investors entering a U.S. industry marked by higher distribution barriers should be more likely to choose joint ventures over wholly-owned subsidiaries.	Not proven	
	Hypothesis 3: Japanese investors should be more likely to choose joint ventures over wholly-owned subsidiaries to enter a U.S. industry marked by higher advertising intensity.	Proven	
	Hypothesis 4: Industry technological barriers should encourage Japanese investors to choose joint ventures over wholly-owned subsidiaries in the US.	Not proven	
	Hypothesis 5: Japanese investors entering resource-intensive industries should be more likely to choose joint ventures over wholly-owned subsidiaries in the US.	Proven	

	Hypothesis 6: Japanese investors spending more on advertising in the US prior to entry should be less likely to choose joint ventures over wholly-owned subsidiaries.	Proven	
	Hypothesis 7: Japanese investors operating an advertising-intensive home business should be less likely to choose joint ventures over wholly-owned subsidiaries.	Not proven	
	Hypothesis 8: Parents' R&D capabilities should discourage Japanese investors from choosing joint ventures over wholly-owned subsidiaries.	Not proven	
	Hypothesis 9: Japanese investors entering related U.S. industries should be less likely to choose joint ventures over wholly-owned subsidiaries.	Proven	
	Hypothesis 10: Japanese investors entering the US through acquisitions should be less likely to choose joint ventures over wholly-owned subsidiaries.	Not proven	

Experience, Imitation, and the Sequence of Foreign Entry: Wholly Owned and Joint-Venture Manufacturing by South Korean Firms and Business Groups in China	Hypothesis 1a: Previous joint-venture entry by the firm interacts negatively with its level of intangible assets to reduce the rate of subsequent joint-venture entry.	Proven	Network Theory, Experience and Organizational Theory
Guillén (2003)	Hypothesis 1b: Previous joint-venture entry by the firm interacts positively with its level of intangible assets to increase the rate of subsequent wholly owned entry.	Not proven	

	Hypothesis 2a: Previous joint-venture entry by another firm in the same business group subsequently increases the rate of joint-venture entry for all firms in the group.	Proven
	Hypothesis 2b: Previous joint-venture entry by another firm in the same business group subsequently increases the rate of wholly owned entry for all firms in the group.	Not proven
	Hypothesis 3a: Previous wholly owned entry by another firm in the same business group subsequently reduces the rate of joint-venture entry for all firms in the group.	Not proven
	Hypothesis 3b: Previous wholly owned entry by another firm in the same business group subsequently increases the rate of wholly owned entry for all firms in the group.	Proven
	Hypothesis 4a: The rate of joint-venture entry increases as more firms in the same home-country industry have established joint ventures.	Not proven
	Hypothesis 4b: The rate of wholly owned entry increases as more firms in the same home-country industry have established wholly owned operations.	Proven

Alliance Form: A Test of the Contractual and Competence Perspectives	Hypothesis 1: Greater divergence in partners' technological specialization will result in a higher propensity to use equity forms in technological alliances.	Proven

Colombo (2003)	Hypothesis 2: Bilateral contractual forms will be more frequent than both equity joint ventures and unilateral contractual forms in technological alliances.	Proven	

The Influence of Industry Structure on the Entry Mode Choice of Overseas Entrants in Manufacturing Industries	Hypothesis 1: In industries characterized by concentration, firms are likely to prefer acquisitions over greenfield operations as a market entry mode.	Proven wrong	Porters 5 Forces
Elango & Sambharya (2004)	Hypothesis 2: In industries characterized by import intensity, firms are likely to prefer greenfield operations over acquisitions or joint ventures as a market entry mode.	Partially Proven	
	Hypothesis 3: In industries characterized by plant scale economies, firms are likely to prefer acquisitions or joint ventures over greenfield operations as a market entry mode.	Proven	
	Hypothesis 4: In industries characterized by growing markets, firms are likely to prefer greenfield operations over acquisitions or joint ventures as a market entry mode.	Proven	
	Hypothesis 5: In industries characterized by demand variability, firms are likely to prefer acquisitions or joint ventures over greenfield operations as a market entry mode.	Partially Proven	

Intellectual Property Rights and the Governance of International R&D Partnerships	Hypothesis 1: The preference of a company for hierarchical control in an international R&D partnership is inversely related to the level of intellectual property rights protection in the home country of its partner.	Proven	Transaction Cost Theory
Hagedoorn et al., (2005)	Hypothesis 2: The preference of a company for hierarchical control in an international R&D partnership is inversely related to the level of technological change in the sector of industry in which the partnership is established.	Proven	

Influence of location factors on establishment and ownership of foreign investments: The case of the Japanese manufacturing firms in Europe	Hypothesis 1: The lower the labor costs, the more likely MNEs' choice of wholly owned greenfield mode of entry rather than joint venture or full acquisition.	Not Proven	Bargaining Power Model, Transaction Cost Theory, Hofstede's Cultural Dimensions, Resource Based View
Somlev & Hoshino (2005)	Hypothesis 2: The bigger the market of the host country, the more likely MNEs' choice of joint venture rather than wholly owned greenfield modes.	Not Proven	
	Hypothesis 3: The more competitive the host country, the more likely MNEs' choice of joint venture or full acquisition rather than wholly owned greenfield mode.	Partially Proven	
	Hypothesis 4: MNEs' choice of entry mode differs significantly across the cultural types present in Europe.	Proven	
	Hypothesis 5: The higher the industry growth, the more likely MNEs' choice of wholly owned greenfield mode of entry or full acquisition rather than joint venture.	Proven	

Evolving FDI Legitimacy and Strategic Choice of Japanese Subsidiaries in China	Hypothesis 1: The relationship between evolving FDI legitimacy and entry mode will be moderated by the size of the subsidiary. With increasing FDI legitimacy, smaller subsidiaries are more likely to use the wholly owned subsidiary (WOS) mode, while larger subsidiaries are more likely to use the joint venture (JV) mode.	Proven	Institutional theory, density dependence theory
Peng & Beamish (2007)	Hypothesis 2: The relationship between expatriate assignment and FDI legitimacy will be moderated by subsidiary size. With increasing FDI legitimacy, smaller subsidiaries are more likely to have higher levels of foreign expatriate usage, while larger subsidiaries are more likely to have lower levels of expatriate usage.	Proven	
	Hypothesis 3a: As FDI legitimacy increases over time in China, foreign subsidiaries are more likely to use a local general manager.	Proven	
	Hypothesis 3b: The relationship between general manager nationality and FDI legitimacy will be moderated by subsidiary size, with larger subsidiaries more likely to have a local manager.	Not proven	

Born Globals, the Choice of Globalization Strategy, and the Market's Perception of Performance	Hypothesis 1A: Born global firms that use acquisitions as an internationalization entry mode are more likely to make acquisitions in developed areas rather than joint ventures.	Proven	Internalization Theory

Gleason & Wiggenhorn (2007)	Hypothesis 1B: Born global firms that use acquisitions as an internationalization entry mode are likely to be in a high-tech industry.	Proven
	Hypothesis 1C: Born global firms that use acquisitions as an internationalization entry mode are more likely to have managers with international experience than firms using different modes of entry.	Not proven
	Hypothesis 1D: Born global firms that use acquisitions as an internationalization entry mode are more likely to exhibit higher levels of leverage and be larger in size than those using joint ventures.	Partially Proven
	Hypothesis 1E: Cultural similarity will facilitate the use of acquisitions versus joint ventures.	Proven
	Hypothesis 2A: Joint venture announcement returns will be positive.	Proven
	Hypothesis 2B: Joint venture announcement returns will be negative.	Not proven
	Hypothesis 3A: Born global firms will experience negative valuation effects in response to announcements of acquisitions.	Proven
	Hypothesis 3B: Acquisition announcements by born global firms will result in positive abnormal returns.	Not proven
	Hypothesis 4A: Born globals will have higher announcement returns when the entry mode is a joint venture, management has international experience, the firm is larger, has higher intangibility, is in a culturally similar environment, and the	Proven

	entry is into a developed country.		
	Hypothesis 4B: Born globals will have lower announcement returns when the entry mode is an acquisition, and the firm has more debt.	Proven	

Institutional and Transaction Cost Influences on MNEs' Ownership Strategies of Their Affiliates: Evidence from an Emerging Market Demirbag et al., (2007)	Hypothesis 1: In an environment with high political constraints, MNEs will select a joint venture or lower equity mode compared to a wholly owned subsidiary (WOS).	Proven	Transaction Cost Theory, Institutional theory
	Hypothesis 2: The greater the corruption differences between the home and host countries, the more likely a foreign investor will choose a joint venture or a lower equity mode over a wholly owned subsidiary.	Partially Proven	
	Hypothesis 3: The greater the cultural distance between home and host country, the more likely a foreign investor chooses a joint venture or a lower equity mode over a wholly owned subsidiary.	Proven	
	Hypothesis 4: The greater the linguistic distance between home and host country, the more likely a foreign investor chooses a joint venture or a lower equity mode over a wholly owned subsidiary.	Proven	
	Hypothesis 5: The greater the FDI concentration in an industry, the more likely a foreign investor chooses a wholly owned subsidiary over	Proven	

	a joint venture or a lower equity mode.		
	Hypothesis 6: A foreign investor is more likely to choose a wholly owned subsidiary over a joint venture or a lower equity mode in R&D-intensive industries.	Proven	
	Hypothesis 7: A foreign investor is more likely to choose a wholly owned subsidiary over a joint venture or a lower equity mode in industries with high advertising intensity.	Not proven	
	Hypothesis 8: A foreign investor is more likely to choose a wholly owned subsidiary over a joint venture or a lower equity mode when the affiliate is located in developed regions of the host country.	Proven	
	Hypothesis 9: A foreign investor is more likely to choose a joint venture or a lower equity mode over a wholly owned subsidiary as the capital size of the affiliate increases.	Proven	

The Motives for International Acquisitions: Capability Procurements, Strategic Considerations, and the Role of Ownership Structures Chen (2008)	Hypothesis 1: Capability procurements are more influential in motivating the choice of acquisitions over greenfield investments in full than in partial entries.	Proven	Transaction Cost Theory
	Hypothesis 2: Strategic considerations other than capability procurements are more relevant to the choice of greenfield versus acquisitive	Proven	

	entries under partial than under full ownership.		
	Hypothesis 3: Multinational enterprises (MNEs) self-select full or partial ownership to justify the strategy they have chosen to enter foreign nations, whether it is a greenfield investment or an acquisition.	Proven	

FDI Entry Mode Choice of Chinese Firms: A Strategic Behavior Perspective	Hypothesis 1: Host industry competition is positively related to the likelihood that a Chinese firm will choose WOS entry mode.	Proven	strategic behavior perspective
Cui & Jiang (2009)	Hypothesis 2: Host industry growth is negatively related to the likelihood that a Chinese firm will choose WOS entry mode.	Proven	
	Hypothesis 3: A Chinese firm's asset-seeking motivation is positively related to the likelihood that the firm will choose WOS entry mode.	Proven	
	Hypothesis 4: A Chinese firm's global strategic motivation is positively related to the likelihood that the firm will choose WOS entry mode.	Proven	

Beyond Entry Mode Choice: Explaining the Conversion of Joint Ventures into Wholly Owned Subsidiaries in the People's Republic of China	Hypothesis 1: The increase of local knowledge by the foreign IJV partner is positively associated with the likelihood of a conversion of an IJV into a wholly owned foreign enterprise (WFOE).	Proven	Transaction Cost, Institutional theory
Puck et al. (2009)	Hypothesis 2: The level of asset specificity is positively associated with the likelihood	Not proven	

	of converting an IJV into a WFOE.		
	Hypothesis 3: The perceived external uncertainty is negatively associated with the likelihood of converting an IJV into a WFOE.	Proven	
	Hypothesis 4: Cultural distance is negatively associated with the likelihood of converting an IJV into a WFOE.	Proven	
	Hypothesis 5: The level of internal isomorphic pressures is positively associated with the likelihood of converting an IJV into a WFOE.	Proven	
	Hypothesis 6: The perceived complexity of governmental regulations is negatively associated with the likelihood of converting an IJV into a WFOE.	Proven	

How do Corporate Governance Model Differences Affect Foreign Direct Investment in Emerging Economies?	Hypothesis 1a: The level of family ownership in local affiliated firms is negatively related to the likelihood of joint venture (JV) investment from US and Japanese firms.	Proven	Agency theory, Institutional theory
Luo et al.(2009)	Hypothesis 1b: The negative relationship between family ownership and US and Japanese investment is stronger when the chair of the local firm is from the founding family of the business group.	Partially Proven	
	Hypothesis 2a: The level of family ownership in local affiliated firms is positively related to the likelihood of JV investment from US and Japanese firms.	Not proven	

	Hypothesis 2b: The positive relationship between family ownership and US and Japanese investment is stronger when the chair of the local firm is from the founding family of the business group.	Not proven	
	Hypothesis 3a: The level of family ownership in local affiliated firms is negatively related to the likelihood of JV investment from US firms.	Proven	
	Hypothesis 3b: The negative relationship between family ownership and US investment is stronger when the chair of the local firm is from the founding family of the business group.	Proven	
	Hypothesis 3c: The level of family ownership in local affiliated firms is negatively related to the likelihood of JV investment from Japanese firms.	Proven	

Equity-Based Entry Modes of Emerging Country Multinationals: Lessons from Turkey	Hypothesis 1a: In an environment with high political constraints, emerging country MNEs will select a joint venture (JV) over a wholly owned subsidiary (WOS).	Proven	OLI Framework, Transaction Cost Theory, Hofstede Cultural Dimensions
Demirbag et al. (2009)	Hypothesis 1b: In an environment with high political constraints, emerging country MNEs are more likely to choose a minority equity share rather than a 50% or majority share JV.	Proven	
Done	Hypothesis 2a: An emerging country MNE is more likely to choose a JV over a WOS when facing greater cultural distance between home and host countries.	Not proven	

	Hypothesis 2b: An emerging country MNE is more likely to choose a minority JV over a majority JV when facing greater cultural distance between home and host countries.	Not proven
	Hypothesis 3a: The greater the linguistic distance between home and host country, the more likely that an emerging country MNE chooses a JV over a WOS.	Proven
	Hypothesis 3b: The greater the linguistic distance between home and host country, the more likely that an emerging country MNE chooses a minority equity share rather than a 50% or majority share JV.	Proven
	Hypothesis 4a: The higher the knowledge infrastructure of a host country, the more likely that an emerging country MNE will choose a WOS over a JV.	Proven
	Hypothesis 4b: The higher the knowledge infrastructure of a host country, the more likely that an emerging country MNE will choose a majority or a 50% equity share over a minority share JV.	Proven
	Hypothesis 5a: An emerging country MNE is more likely to choose a JV over a WOS when diversifying into areas outside of its main line of business.	Proven
	Hypothesis 5b: An emerging country MNE is more likely to choose a minority share rather than a 50% or majority share in a JV when diversifying into areas outside of its main line of business.	Proven

	Hypothesis 6a: The greater the capital size of the affiliate, the more likely that an emerging country MNE chooses a WOS over a JV.	Proven	
	Hypothesis 6b: The greater the capital size of the affiliate, the more likely that an emerging country MNE chooses a majority or a 50% JV rather than a minority JV.	Proven	

Foreign Market Entry Strategies in Retail Banking: Choosing an Entry Mode in a Landscape of Constraints	Hypothesis 1: The greater an MNB's (multinational bank's) desire for control, the more likely it is to choose acquisition or start-up investment as the entry mode.	Proven	Eclectic model, Behavioral theory, Internalization theory, Transaction Cost
Petrou (2009)	Hypothesis 2: The greater an MNB's need for local resources, the more likely it is to choose either acquisition or joint venture as the entry mode.	Proven	
	Hypothesis 3: When the requirement for a combination of local resources is high and the need for control is moderate/low, a joint venture will be an MNB's preferred entry mode.	Proven	
	Hypothesis 4: The greater the differences between the home and host market, the more likely the MNB is to choose a joint venture as the entry mode.	Proven	
	Hypothesis 5: High levels of banking regulation and regulatory restrictions against specific types of entry will be associated with the choice of joint ventures as the entry mode.	Proven	

	Hypothesis 6: The bigger the MNB, the more likely it is to select acquisition or joint venture as the entry mode.	Not proven	

External uncertainty and entry mode choice: Cultural distance, political risk and language diversity. López-Duarte & Vidal-Suárez (2010)	Hypothesis: When external uncertainty derived from the interaction between cultural distance and political risk is high, and there is no language diversity between the FDI's home and host countries, investing firms will prefer to invest through JVs rather than WOSs.	Conditionally Proven	Theory: Transaction Cost Theory (TCT)

Institutional and Transaction Cost Influences on Partnership Structure of Foreign Affiliates	Hypothesis 1: In R&D-intensive industries, a foreign investor is more likely to choose a wholly owned subsidiary (WOS) over a dyadic joint venture (DJV) and a DJV over a multi-partner joint venture (MJV).	Proven.	Transaction Cost Theory (TCT), Psychic Distance Theory, OLI Framework, institutional theory
Demirbag, McGuinness, et al., 2010)	Hypothesis 2: In industries with high advertising intensity, a foreign investor is more likely to choose a WOS over a DJV, and a DJV over an MJV.	Not Proven.	
	Hypothesis 3: The greater the FDI concentration in an industry, the more likely that a foreign investor will choose a WOS over a DJV, and a DJV over an MJV.	Partially Proven.	
	Hypothesis 4: As the cultural distance between home and host country increases, the foreign investor will choose a DJV over a WOS and will prefer a WOS over an MJV.	Partially Proven.	

	Hypothesis 5: The greater the linguistic distance between home and host country, the more likely the foreign investor will choose a WOS over a DJV, and a DJV over an MJV.	Proven.	
	Hypothesis 6: As the capital size of the affiliate increases, the foreign investor is more likely to choose an MJV over a DJV, and a DJV over a WOS.	Proven.	
	Hypothesis 7: When the affiliate is located in developed regions of the host country, a foreign investor is more likely to choose a WOS over a DJV, and a DJV over an MJV.	Partially Proven.	
	Hypothesis 8: In an environment with high political constraints, a foreign investor is more likely to select an MJV over a DJV and a DJV over a WOS.	Proven.	
	Hypothesis 9: In countries with high corruption perception differences between home and host countries, foreign investors are more likely to choose a DJV over a WOS.	Partially Proven.	

Host Environmental Uncertainty and Equity-Based Entry Mode Dilemma	Hypothesis 1a: The higher the level of market turbulence a firm perceives, the more likely it prefers JV to WOS.	Not proven.	Experience Perspective, Institutional Theory, Network theory
Tseng & Lee (2010)	Hypothesis 1b: In the presence of a highly turbulent market environment, a firm with stronger market linking capability is more likely to choose WOS over JV.	Proven	
	Hypothesis 2a: The higher the level of regulatory unpredictability a firm	Proven	

	perceives, the more likely it prefers JV to WOS.		
	Hypothesis 2b: In the presence of a highly unpredictable regulatory environment, a firm with stronger market linking capability is more likely to choose WOS over JV.	Proven	
	Hypothesis 3a: The higher the level of cultural distance between a firm's host and home countries, the more likely it prefers JV to WOS.	Proven	
	Hypothesis 3b: In the presence of high cultural distance between host and home countries, a firm with stronger market linking capability is more likely to choose WOS over JV.	Not proven	

Behind Ownership Decision of Chinese Outward FDI: Resources and Institutions	Hypothesis 1: When exploiting assets overseas, Chinese firms will prefer WOS entry mode when the assets are firm-specific rather than home-country-based.	Proven	Transaction Cost Theory (TCT), Resource-Based View, Strategic Behavior Perspective, Institutional Theory.
Cui & Jiang (2010)	Hypothesis 2: The relative size of the FDI project is negatively related to the likelihood that a Chinese firm will choose WOS entry mode.	Proven	
	Hypothesis 3: A Chinese firm's motivation of seeking global strategic assets is positively related to the likelihood that the firm will choose WOS entry mode.	Proven	
	Hypothesis 4: A Chinese firm's motivation of seeking technology and brand assets is positively related to the likelihood that the firm will choose WOS entry mode.	Proven	

	Hypothesis 5: The perceived level of host government restriction of FDI is negatively related to the likelihood that a Chinese firm will choose WOS entry mode.	Proven		
	Hypothesis 6: The perceived level of cultural barrier in the host country is negatively related to the likelihood that a Chinese firm will choose WOS entry mode.	Proven		
	Hypothesis 7: The amount of financial support received from the Chinese government is positively related to the likelihood that a Chinese firm will choose WOS entry mode.	Proven		
	Hypothesis 8: The perceived level of government approval restriction is negatively related to the likelihood that a Chinese firm will choose WOS entry mode.	Proven		

A General TCE Model of International Business Institutions: Market Failure and Reciprocity	Hypothesis 1: Cross-border cooperation is more likely to occur at the output market level if performance inseparability can be addressed through contractual arrangements such as licensing or outsourcing.	Proven		Transaction Cost Economics (TCE), Resource-Based View, Real Options Theory
Chen (2010)	Hypothesis 2: If both output and asset markets fail, MNEs will move toward equity markets, favoring joint ventures over wholly owned subsidiaries when non-marketable local assets are necessary.	Proven		
	Hypothesis 3: Joint ventures will be formed when reciprocity can regulate partner behavior and reduce transaction costs associated with non-replicable assets.	Proven		

	Hypothesis 4: Greenfield investments are more likely when complementary local assets are marketable and accessible, while acquisitions are preferred when such assets are embedded within existing firms.	Proven		
	Hypothesis 5: Countertrade arrangements will arise in environments where licensing and outsourcing are inefficient, leveraging the reciprocal use of output markets to facilitate cooperation.	Proven		
	Hypothesis 6: Partial acquisitions will be preferred when full acquisitions face high costs due to pre-acquisition inspection challenges or post-acquisition enforcement risks.	Proven		

The Effect of Corruption Distance and Market Orientation on Ownership Choice of MNEs: Evidence from China	Hypothesis 1: MNEs from less corrupt countries prefer WOS to JVs.	Proven		Transaction Cost Economics (TCE) Resource Dependence Perspective, Institutional Theory.
Duanmu (2011)	Hypothesis 2: The greater the corruption distance that exists between host and home country, the higher the probability of choosing WOS over JV.	Proven		
	Hypothesis 3: MNEs from equally or more corrupt home countries will not prefer WOS to JV.	Proven		
	Hypothesis 4: For MNEs from equally or more corrupt home countries, corruption distance will not impact the choice of WOS versus JV.	Proven		

	Hypothesis 5: Market orientation moderates the entry mode choice in a way that higher local market orientation induces higher likelihood for MNEs to favor JV over WOS.	Proven	
	Hypothesis 6: Local market orientation diminishes the effect of corruption distance on WOS preference among MNEs from less corrupt countries.	Proven	

The Board Mechanism and Entry Mode Choice	Hypothesis 1a: The greater the proportion of outside directors on the board, the greater the likelihood that an acquisition will be chosen as the entry mode over a joint venture.	Not proven	Agency Theory, Resource Dependence Theories.
Lai et al. (2012)	Hypothesis 1b: The more equity held by directors, the greater the likelihood that an acquisition will be chosen as the entry mode over a joint venture.	Proven	
	Hypothesis 2a: The more experience directors have in making decisions on investments in the host country, the greater the likelihood that an acquisition will be chosen as the entry mode over a joint venture.	Proven	
	Hypothesis 2b: The more diverse experiences directors have in making foreign investment decisions, the greater the likelihood that an acquisition will be chosen as the entry mode over a joint venture.	Proven	

	Hypothesis 3a: The level of board independence interacts positively with directors' foreign investment experience, increasing the likelihood that an acquisition will be chosen as the entry mode over a joint venture.	Not proven	
	Hypothesis 3b: The level of director shareholdings interacts positively with directors' foreign investment experience, increasing the likelihood that an acquisition will be chosen as the entry mode over a joint venture.	Proven	

The Assignment of Call Option Rights Between Partners in International Joint Ventures	Hypothesis 1: The greater a firm’s complementarity with the IJV compared to its partner, the more likely it will hold the call option right.	Proven	Transaction Cost Economics, Learning and Real Options Theory.
NOT VERY USABLE	Hypothesis 2: The more prior IJV experience a firm has compared to its partner, the more likely it will hold the call option right.	Proven	
Tong & Li (2013)	Hypothesis 3a: When a firm’s initial equity stake in the IJV is greater compared to its partner, there is a lower likelihood that it will hold the call option right.	Proven	
	Hypothesis 3b: When a firm holds the call option right in the IJV, there is a lower likelihood that its initial equity stake will be greater compared to its partner.	Proven	

Executive Preferences for Governance Modes and Exchange Partners	Hypothesis 1a: Executives’ assessments of IJV opportunities will be positively related to the firms’ product-market overlap.	Not proven	Information Economics.

Reuer et al. (2013)	Hypothesis 1b: Executives' assessments of IJV opportunities will be negatively related to the extent to which the local firm possesses intangible assets that are hard to value.	Not proven
	Hypothesis 2a: Executives' assessments of acquisition opportunities will be positively related to the firms' product-market overlap.	Proven
	Hypothesis 2b: Executives' assessments of acquisition opportunities will be negatively related to the extent to which the local firm possesses intangible assets that are hard to value.	Proven
	Hypothesis 3a: Executives' preferences for IJVs over acquisitions will be negatively related to the firms' product-market overlap.	Proven
	Hypothesis 3b: Executives' preferences for IJVs over acquisitions will be positively related to the extent to which the local firm possesses intangible assets that are hard to value.	Proven
	Hypothesis 4a: Executives' assessments of IJV opportunities will be positively related to the extent to which they are familiar with the local firm's resources and capabilities.	Proven
	Hypothesis 4b: Executives' assessments of IJV opportunities will be positively related to the extent to which they consider the local firm's affiliations reputable.	Proven

	Hypothesis 5a: Executives' assessments of acquisition opportunities will be positively related to the extent to which they are familiar with the local firm's resources and capabilities.	Proven	
	Hypothesis 5b: Executives' assessments of acquisition opportunities will be positively related to the extent to which they consider the local firm's affiliations reputable.	Proven	
	Hypothesis 6a: Executives' preferences for IJVs over acquisitions will be negatively related to the extent to which they are familiar with the local firm's resources and capabilities.	Proven	
	Hypothesis 6b: Executives' preferences for IJVs over acquisitions will be negatively related to the extent to which they consider the local firm's affiliations reputable.	Proven	

The Choice of Governance Modes of International Franchise Firms	Hypothesis 1: The higher the transaction costs due to environmental uncertainty, the higher the franchisor's tendency to use lower control modes.		Transaction Cost Theory (TCT), Resource-Based View (RBV), Agency Theory, Organizational Capabilities Theory (OCT).
Jell-Ojobor & Windsperger (2014)	Hypothesis 2: The higher the monitoring costs due to behavioral uncertainty, the higher the franchisor's tendency to use lower control modes.		
	Hypothesis 3a: The higher the franchisor's transaction-specific investments relative to the franchise partners' investments, the higher the		

	franchisor's tendency to use higher control modes. Hypothesis 3b: The higher the franchise partners' transaction-specific investments relative to the franchisor's investments, the higher the franchisor's tendency to use lower control modes. Hypothesis 4: The more important the franchisor's system-specific assets for value creation, the higher the franchisor's tendency to use higher control modes. Hypothesis 5: The more important the franchise partners' local market assets for the value creation of the network, the higher the franchisor's tendency to use lower control modes. Hypothesis 6: The higher the financial resources required for the implementation of the franchise concept in the foreign market, the higher the franchisor's tendency to use lower control modes.		

The Influence of Governance Quality and Family Control on Entry Mode Decisions Chang et al (2014)	Hypothesis 1: When entering a host country with high governance quality, firms tend to choose wholly owned subsidiaries (WOSs) over joint ventures (JVs). Hypothesis 2: When entering a foreign country with high governance quality, the higher a firm's degree of family control, the more likely it is to choose wholly owned subsidiaries (WOSs) over joint ventures (JVs).	Proven Proven	Transaction Cost Economics (TCE) and Institutional Theory, Socioemotional Wealth Perspective

Impact of Growth Strategy on Governance Mode in Alliances Ortiz-de-Urbina-Criado et al. (2014)	Hypothesis 1a: Joint ventures are preferable to other types of alliances when a company has implemented a growth strategy based on expansion.	Proven	Transaction Cost Theory (TCT), Resource-Based View (RBV), Internationalization Theory.
	Hypothesis 2a: Joint ventures are preferable to other types of alliances when a company has implemented a growth strategy based on related diversification.	Proven	
	Hypothesis 3a: Other types of alliances are preferable to joint ventures when a company has implemented a growth strategy based on unrelated diversification.	Proven	
	Hypothesis 1b: International joint ventures are preferable to other types of alliances when a company has implemented a growth strategy based on international expansion.	Proven	
	Hypothesis 2b: International joint ventures are preferable to other types of international alliances when a company has implemented a growth strategy based on related international diversification.	Proven	
	Hypothesis 3b: Other types of international alliances are preferable to international joint ventures when a company has implemented a growth strategy based on unrelated international diversification.	Proven	

Local Complementary Inputs and Entry Mode Choices: US Investments in Brazil	Hypothesis 1: Foreign investors will choose a joint venture (JV) over a wholly owned subsidiary (WOS) if the market for the	Proven	Bundling Model of Entry Mode.

	complementary local inputs they need is inefficient.		
Hennart et al. (2015)	Hypothesis 2: Foreign investors will choose greenfield over acquisitions if complementary assets can be more efficiently accessed in the market for assets or asset services than in the market for firms.	Proven	Bundling Model of Entry Mode.

The Interplay of Top-down Institutional Pressures and Bottom-up Responses of Transition Economy Firms on FDI Entry Mode Choices	Hypothesis 1: The extent of home country government pressure in transition economies will be positively associated with the likelihood that firms in these economies will choose outward international joint ventures (OIJVs) over wholly owned foreign subsidiaries (WOFSs).	Proven	Institutional Theory, Resource Dependence Theory.
Chung et al. (2016)	Hypothesis 2a: Ownership structure will moderate the effect of home country government pressures on the likelihood of a firm choosing OIJVs, such that the positive effect is weaker for modernized firms (i.e., private and reformed firms) than for conventional firms (i.e., state-owned enterprises (SOEs) and collectives).	Proven	
	Hypothesis 2b: Ownership structure will moderate the effect of home country government pressures on the likelihood of a firm choosing OIJVs, such that the positive effect is weaker for collectives than for SOEs.	Proven	

	Hypothesis 2c: Ownership structure will moderate the effect of home country government pressures on the likelihood of a firm choosing OIJVs, such that the positive effect is weaker for newly created private firms than for reformed incorporated firms.	Proven	

Transactional and Institutional Alignment of Entry Modes in Transition Economies	Hypothesis 1: Foreign entries with a high transactional and institutional alignment have a significantly lower termination probability than foreign entries with a low transactional and institutional alignment.	Proven	Transaction Cost Economics (TCE) and Institutional Theory.
Meschi et al. (2016)	Hypothesis 2a: In the context of a transition economy, JV-based entries with high transactional and low institutional alignments have a significantly lower termination probability than JV-based entries with low transactional and high institutional alignments.	Proven	
	Hypothesis 2b: In the context of a transition economy, WOS-based entries with low transactional and high institutional alignments have a significantly lower termination probability than WOS-based entries with high transactional and low institutional alignments.	Proven	

Governance Structure and the Creation and Protection of Technological Competencies	Hypothesis 1: When a foreign R&D investment is research-oriented, the equity joint venture (EJV) mode is less likely to be chosen for the R&D joint venture (JV).	Proven	Transaction Cost Theory, Resource-Based View, Cultural Distance Framework.

J. Li & Xie (2016)	Hypothesis 2: When a foreign firm chooses academic institutions rather than local firms as JV partners, the EJV mode is less likely to be chosen for the R&D JV.	Proven	
	Hypothesis 3a: As the cultural distance between the home country of an MNE and China increases, the relationship proposed in H1 will be strengthened.	Proven	
	Hypothesis 3b: As the cultural distance between the home country of an MNE and China increases, the relationship proposed in H2 will be strengthened.	Proven	

Offshoring, Local Market Entry, and Governance Mode in International Alliances	Hypothesis 1: The use of joint ventures versus contractual alliances is less likely when the primary strategic purpose of an international alliance is offshore production of value for international markets compared to local market entry.	Proven	Transaction Cost Theory, Resource-Based View (RBV), Relational Governance.
Lojacono et al. (2017)	Hypothesis 2a: When an international alliance includes manufacturing activities, the use of joint ventures is more likely than contractual alliances if the primary strategy is offshore production of value for international markets compared to local market entry.	Proven	
	Hypothesis 2b: When an international alliance includes marketing activities, the use of joint ventures is less likely than contractual alliances if the primary strategy is offshore production of value for international markets	Not Proven	

	compared to local market entry.		
	Hypothesis 2c: When an international alliance includes R&D activities, the use of joint ventures is less likely than contractual alliances if the primary strategy is offshore production of value for international markets compared to local market entry.	Proven	

Political Hazards and Entry Mode Choices in Chinese Investments in Africa	Hypothesis 1: There is a positive relationship between the level of political hazards in a host country and the likelihood of an MNE's entry by a joint venture into that country.	Proven	Transaction Cost Economics (TCE) and Political Hazard Mitigation, experience and organizational theory, Two-Tier Bargaining Model, Aid-Based Political Risk Mitigation.
Lu et al. (2018)	Hypothesis 2: An MNE's host country experience negatively moderates (weakens) the positive relationship between political hazards and the likelihood of the MNE to enter that country by a joint venture.	Proven	
	Hypothesis 3: Foreign aid from a home country government to a host country negatively moderates (weakens) the relationship between political hazards and the likelihood of an MNE's entry by a joint venture in that country.	Proven	

A knowledge tension perspective on management control and performance in international joint ventures	Hypothesis 1: Split management control yields higher IJV performance than other control structures when only MNEs encounter sharing-protection tension.	Proven	Resource-Based View (RBV), Transaction Cost Theory, Agency Theory and Knowledge Management Framework, Resource Dependence Theory.
Huang & Chiu (2020)	Hypothesis 2: Split management control or MNE-dominated management control yields higher IJV performance than other control structures when sharing-protection tension is encountered simultaneously by MNEs and local partners.	Proven	
	Hypothesis 3: Shared management control yields higher IJV performance than other control structures when only local partners encounter sharing-protection tension.	Not Proven	

How Do Family SMEs Control Their Investments Abroad?	Hypothesis 1: In family SMEs, family control (family CEO and/or board chair) is positively associated with having full ownership of a foreign subsidiary.	Not Proven	Transaction Cost Theory, Socioemotional Wealth (SEW) Perspective, Cultural Distance, Institutional Theory
Del Bosco & Bettinelli (2020)	Hypothesis 2a: In family SMEs, cultural distance between a foreign country and the home country is positively associated with full ownership of a foreign subsidiary.	Proven	
	Hypothesis 2b: In family SMEs, family control (family CEO and/or board chair) positively moderates the relationship between cultural distance and full ownership of a foreign subsidiary.	Proven	

	Hypothesis 3a: In family SMEs, geographic distance between a foreign country and the home country is negatively associated with full ownership of a foreign subsidiary.	Proven	
	Hypothesis 3b: In family SMEs, family control (family CEO and/or board chair) mitigates the negative relationship between geographic distance and full ownership of a foreign subsidiary.	Not Proven	
	Hypothesis 4a: In family SMEs, the difference in institutional quality between a foreign country and the home country is positively associated with full ownership of a foreign subsidiary.	Proven	
	Hypothesis 4b: In family SMEs, family control (family CEO and/or board chair) negatively moderates the relationship between the difference in institutional quality (between a foreign country and the home country) and full ownership of a foreign subsidiary.	Proven	

The role of psychic distance in entry mode decisions: Magnifying the threat of opportunism or increasing the need for local knowledge? Dow et al. (2020)	Hypothesis 1: As psychic distance increases, (a) perceptions of business risk increase, and (b) preference for high equity control decreases.	Part (a) proven	Transaction Cost Theory (TCT) & Internalization Theory
	Hypothesis 1: As psychic distance increases, (a) perceptions of business risk increase, and (b) preference for high equity control decreases.	Part (b) proven:	

	Hypothesis 2: As psychic distance increases, (a) perceptions of business risk increase, and (b) preference for high equity control decreases.	Part (a) proven	
	Hypothesis 2: As psychic distance increases, (a) perceptions of business risk increase, and (b) preference for high equity control decreases.	Part (b) proven	
	Hypothesis 3: In high-threat opportunism scenarios, the relationship between (a) psychic distance and perceptions of business risk and (b) preference for high equity control is stronger than in low-threat scenarios.	Part (a) partially prove	
	Hypothesis 3: In high-threat opportunism scenarios, the relationship between (a) psychic distance and perceptions of business risk and (b) preference for high equity control is stronger than in low-threat scenarios.	Part (b) not strongly proven	

Determinants of EMNEs’ Entry Mode Decision with Environmental Volatility Issues: A Review and Environmental Volatility Issues: A Review and Research Agenda	Hypothesis 1: Cross-national institutional distance negatively affects the likelihood of EMNEs choosing wholly-owned subsidiaries (WOS) over international joint ventures (IJV).	Proven	Transaction Cost Theory, Institutional Theory, Cultural Distance Farmwork
Li et al. (2021)	Hypothesis 2: Cultural distance negatively affects the likelihood of EMNEs choosing WOS over IJV.	Proven	
	Hypothesis 3: Host country environmental uncertainty negatively affects the likelihood of EMNEs choosing WOS over IJV.	Proven	

	Hypothesis 4: Host country regulatory restrictions positively affect the likelihood of EMNEs choosing IJV over WOS.	Proven
	Hypothesis 5: Host country corruption negatively affects the likelihood of EMNEs choosing WOS over IJV.	Proven
	Hypothesis 6: High levels of industry competition positively affect the likelihood of EMNEs choosing IJV over WOS.	Proven
	Hypothesis 7: Greater technological capabilities in the host country positively affect the likelihood of EMNEs choosing WOS over IJV.	Proven