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Table of content

Abstract (in German) 3
Abstract 4
Abbreviations 4
1. Introduction 5
2. Theoretical Background 7
2.1. International Market Entry Strategies 7
2.2. Definition and Characteristics of Joint Ventures 7
2.3. Key Theoretical Frameworks 10
2.3.1. Transaction Cost Theory 10
2.3.1.1. Interdependence 10
2.3.1.2. Equity share 11
2.3.2. Resource-based View: Resource complementary 11
2.3.3. Social Exchange Theory 12
2.3.3.1. Trust 12
2.3.3.2. Communication 13
2.3.3.3. Cultural adaptation 13
3. Methodology 14
3.1. Research Design: Integrative Literature Review 14
3.2. Data Collection and Selection Criteria 16
3.3. Data Synthesis Approach 16
4. Determinants of Choosing Joint Ventures as an Entry Strategy 17
4.1. Key Success Factors for Joint Venture Market Entry 18
4.1.1. Partners' host country knowledge 20
4.1.2. Partner size 21
4.2. Governance and Structural Considerations in IJVs 23
4.2.1. Governance Structure of Market Joint Ventures (CJVs) 25
4.2.2. Governance Structure of Equity Joint Ventures 27
4.3. Joint Venture Agreements and Legal Considerations 28
4.4. Resource Contributions and Resource Investment 31
4.4.1. Substitutes vs. Complements in Investment 31
4.4.2. Human vs. Physical Capital Investment 32
4.4.3. Specific vs. General Capital Investment 32
4.5. Board of Directors and Decision-Making Structures 33
5. Factors Contributing to the Failure of Joint Venture Market Entry 36
5.1. Organizational and Cultural Differences 36
5.2. Lack of Expertise and Confidence 37
5.3. Insufficient Planning and Strategy Development 37
5.4. Risk Management and External Environmental Factors 38
5.5. Political and Policy Risks 38
5.6. Legal Risks 38

5.7. Financial Risks ... 39
5.8. Market and Project Risks ... 39
5.9. Lack of Understanding of IJV Fundamentals ... 39
5.10. Conflicts Among ICJV Entities ... 40
5.11. Local Partners and Knowledge Transfer ... 40
6. Comparison of Joint Ventures with Alternative Market Entry Strategies ... 41
6.1. JVs vs. Wholly Owned Subsidiaries ... 42
6.2. JVs vs. Franchising and Licensing ... 44
7. Discussion and Implications ... 46
7.1. Answer of the Research Question ... 46
7.2. Implications for Research and Practice ... 47
7.3 Limitations ... 48
8. Conclusion ... 49
9. Literature ... 49

Abstract (in German)

Internationale Joint Ventures (IJVs) haben sich zu einer beliebten Strategie (Aydogan, 2020) für die Auswahl der geeigneten Markteintrittsstrategie entwickelt, die für die Ausarbeitung eines erfolgreichen Internationalisierungsplans unerlässlich ist. Diese Partnerschaftsstrategie hat nicht nur in Europa, sondern auch in Asien und den Vereinigten Staaten zu zahlreichen empirischen Studien und Fachpublikationen geführt. Internationale Joint Ventures im Bauwesen (ICJVs) entwickeln sich weltweit zu einem wichtigen Instrument für kleine und mittlere Unternehmen (KMU) (Lu & Beamish, 2006). Obwohl viele Erfolgsfaktoren für die Wahl dieser Markteintrittsstrategie und Unternehmensform sprechen, können verschiedene Risikofaktoren und Hindernisse zu Misserfolgen führen, was verdeutlicht, dass schlechte Leistungsergebnisse ein wesentliches Thema in der Forschung zu internationalen Joint Ventures sind (Ali et al., 2021).

Das Ziel dieser Untersuchung ist es, eine integrative Literaturrecherche durchzuführen, die sich nicht nur mit den Herausforderungen befasst, denen Unternehmen beim Eintritt in ausländische Märkte gegenüberstehen, sondern auch mit den Erfolgsfaktoren, die zu einem erfolgreichen Joint-Venture-Einstieg beitragen (Nardali, 2017). In den letzten zwanzig Jahren hat die wissenschaftliche Forschung unternehmerisches Verhalten und Partnerschaftsstrategien unter Verwendung von Begriffen wie „Wissens- und Technologietransfer" und „kulturelle und institutionelle Herausforderungen in Joint Ventures" untersucht, was die wissenschaftliche Diskussion intensiviert hat (Jin & Wang, 2021; Kim et al., 2024).

Aus all diesen Gründen untersucht diese Studie die entscheidenden Erfolgsfaktoren für IJVs, wie beispielsweise Ehrlichkeit, Kommunikation und Vertrauen zwischen den beteiligten Parteien (Beamish & Lupton, 2009). Darüber hinaus unterstreicht die integrative Literaturrecherche die Bedeutung von Methoden des Wissens- und Technologietransfers (Jin & Wang, 2021) und deren Beitrag zum Markteintritt von Joint Ventures. Zudem beleuchtet dieser Beitrag die wesentlichen Unterschiede zwischen Joint Ventures und anderen strategischen Allianzen, wie beispielsweise hundertprozentigen Tochtergesellschaften. Schließlich ist es das Ziel dieser Studie, die Faktoren zu identifizieren, die Risiken mindern und wichtige Erfolgsfaktoren für Unternehmen nutzen, die IJVs als Markteintrittsstrategie und als Weg zu einer nachhaltigen internationalen Expansion in Betracht ziehen.

Abstract

International joint ventures (IJVs) have become a popular strategy (Aydogan, 2020) for selecting the appropriate market entry concept, which is essential for developing a successful internationalization plan. This partnership strategy has led to numerous empirical studies and trade journals not only in Europe but also in Asia and the USA. International construction joint ventures (ICJVs) are becoming an important tool for small and medium-sized enterprises (SMEs) around the world (Lu & Beamish, 2006). Although many success factors support the choice of this market entry strategy and business form, various risk factors and obstacles can lead to failures, emphasizing that poor performance has been a significant concern in research on international joint ventures (Ali et al., 2021).

The objective of this research is to conduct an integrative literature review that not only addresses the challenges that firms face when entering foreign markets but also the success factors that favor successful joint venture entry (Nardali, 2017). Over the past twenty years, scholarly research has addressed entrepreneurial behavior and partnership strategies using popular terms such as "knowledge and technology transfer" and "cultural and institutional challenges in joint ventures", which intensify the scholarly discussion (Jin & Wang, 2021; Kim et al., 2024)

For all these reasons, this study examines the critical success factors for IJVs, such as honesty, communication and trust between the parties involved (Beamish & Lupton, 2009). Furthermore, the integrative literature review emphasizes the importance of knowledge and technology transfer methodology (Jin & Wang, 2021) and how it supports the market entry of joint ventures. Additionally, this paper highlights the key differences between joint ventures and other strategic alliances, such as wholly owned subsidiaries. Finally, the aim of this study is to identify the factors that mitigate risks and leverage key success factors for businesses considering IJVs as a market entry strategy and as a path to sustainable international expansion.

Keywords: international joint venture, success factors, risk management, cultural and institutional challenges, technology transfer, knowledge transfer, strategic alliances

Abbreviations

AEC — Architectural, Engineering, And Construction
CDMC — Centralized Decision-Making Contract
CEO — Chief Executive Officer
CDMC — Centralized Decision Making Contracts
CSC — Cost-Sharing Contract
DBJV — Design-Build Joint Ventures
EJVS — Equity Joint Ventures
FDI — Foreign Direct Investment
ICJVs — International Construction Joint Ventures
ICJVs — International Joint Ventures
ILV — Integrative Literature Review

IP — Intellectual Property
JMJ — Jointly Managed JVs
LDCs — Least Developed Countries
MNCs — Multinational Corporations
MECCO — Mwananchi Engineering and Contracting Company
NCSC — No Cost-Sharing Contract
OCC — Overseas Construction Company
SMJs — Separate Managed JVs
SMEs — Small and Medium-Sized Businesses
SET — Social Exchange Theory
RQ — Research Question
TCE — Transaction Cost Economics
TML — Transmanche-Link
U.S. — United States
WOS — Wholly Owned Subsidiaries

1. Introduction

Strategic alliances have attracted great interest in international business context of globalization. As a unique form of strategic alliance accepted worldwide, the international joint venture is popularized and unanimously adopted as a highly beneficial practice for undertaking large and complex projects (Ali et al., 2021). ICJVs are defined as a temporary arrangement in which at least two legally separate companies that are temporarily married pool their complementary resources to carry out an already established project. In the case of such cooperation and strategic market entry, large and complex infrastructure projects are carried out with at least one partner based outside the country of investment (Tetteh et al., 2020). In addition, a joint venture (CJV) is the voluntary cooperation of legally independent companies established to realize projects in the fields of architecture, engineering, and construction (AEC) (Chan & Tetteh, 2020).

Global coordination of various economic activities, where there is interdependence between countries, greatly supports this type of strategic partnership. This approach leads to an improvement in the capacity, sophistication, and skill level of firms, resulting in multinational cooperation between countries in the form of joint ventures (JVs) (Contractor, Kumar, & Kundu, 2010). Also, many researchers investigate how starting ICJVs allows companies to gain different advantages, like lowering and sharing risks, getting past government obstacles, enhancing their abilities regarding the amount and type of work needed, gaining knowledge, having cheaper production, and managing environmental differences (Tetteh et al., 2020).

Despite the various drivers, motivations and mutual benefits that are of great importance, various obstacles and risks affect the practice of joint ventures and lead to the failure of the project (Tetteh et al., 2020, Tetteh et al., 2021). The level of instability and poor performance was cited as one of the main reasons for the unsuccessful implementation of joint ventures. In addition, external factors such as cultural differences were a common problem in multicultural collaboration, leading to negative organizational outcomes (Zhao et al., 2013).

For all these reasons, this academic paper aims to identify, describe, and classify different elements that influence the joint venture and its market entry through an integrative literature review.

Furthermore, this thesis is organized as follows: The first section provides the theoretical foundation by explaining international market entry strategies, including a clear definition of international joint ventures (IJVs). The purpose of this section is to introduce the concept of market entry and outline the specific entry strategy discussed throughout the thesis. The second section, titled "Key Theoretical Frameworks," focuses on the Transaction Cost Theory and Social Exchange Theory, both of which are central to many studies on joint ventures as a market entry strategy. This theoretical background is essential for understanding joint ventures and thus forms an integral part of this thesis. The methodology section details the research design, data collection process, and the approach employed in the study (Huang et al., 2017). This thesis's core and main body, "Determinants of Choosing Joint Ventures as a Market Entry Strategy," examines the critical elements that make international joint ventures (IJVs) successful, including the size of the partnering firms and the host country expertise of the partner (Velez-Calle, 2019). The research question, "What are determinants of choosing joint venture as an international market entry strategy? " is addressed in this section of the thesis. We see that small and medium-sized businesses (SMEs) benefit most from a partner's knowledge of the host nation which in turn they use to gain local knowledge and to develop new organizational skills. Additionally, small businesses often view the size of a large partner as an asset because it provides them with access to that partner's resources, reputation, and experience both domestically and internationally. Also, in this section we look at how investment decisions, resource inputs and governance structures play into the choice and performance of IJVs as a market entry tool. This section of the thesis also looks at how investment choices, resource contributions, and governance arrangements affect the choice and effectiveness of IJVs as a market entry tactic. Additionally, this section addresses the challenges that can lead to joint venture failures, such as organizational and cultural differences, lack of expertise and confidence among parties, and conflicts within International Collaborative Joint Ventures (ICJVs). The final section offers a comparative analysis of joint ventures and alternative market entry strategies, highlighting the factors that make joint ventures a preferred choice for market entry. The conclusion of the thesis answers the research question: "What are the determinants of choosing joint ventures as an international market entry strategy?" It also discusses the limitations encountered when replicating findings from various journals.

By providing an integrative review that not only synthesizes earlier research on foreign joint ventures but also methodically categorizes the factors that affect their performance as a market entrance strategy, this study adds to the body of knowledge on market entry. This thesis bridges these approaches by outlining both internal (such as firm size, resource contributions, and governance structures) and external (such as host-country expertise, cultural context, and institutional environment) determinants of joint ventures. A large portion of the literature currently in publication addresses joint ventures either theoretically or through case-specific analyses. By doing this, the study offers a more thorough grasp of how businesses, especially small and medium-sized businesses (SMEs), can use IJVs as a successful approach for entering international markets. Additionally, the thesis identifies knowledge gaps in the existing literature, especially regarding the little-studied interaction between partner traits and environmental factors. This establishes the foundation for further empirical study on IJVs in the larger market entrance literature.

2. Theoretical Background

2.1. International Market Entry Strategies

Businesses looking to expand internationally have various options for entering foreign markets, such as strategic alliances, exporting, licensing, franchising, and wholly owned subsidiaries. Among these, strategic alliances-including international joint ventures (IJVs) are especially beneficial for businesses looking to increase their competitiveness and market presence. These alliances are focused on achieving an enhanced product-market combination for the participating firms and are defined by common goals and objectives that benefit both parties. Thus, two or more business organizations form strategic alliances to maintain their individual corporate identities while pooling resources in situations where there is uncertainty about the outcome and to improve their competitive position and performance. There are many different forms of strategic alliances, such as code-sharing agreements, buyer-supplier partnerships, joint ventures, minority equity alliances, and joint production. They all provide businesses the option to pursue opportunities that would otherwise be out of reach for a single company. The reasons for the creation of strategic alliances (like IJVs) and their success or failure have always piqued the interest of academics, and these explanations can differ greatly depending on the theoretical stance taken by the investigators. Owing to the multitude of intricate reasons that lead to the creation of joint venture, not one theory has been able to adequately account for the recent decades' rapid growth of IJVs between multinational corporations (MNCs) and their local partners in emerging markets, as well as the distinctive features that set these IJVs apart from those between companies in developed markets (Peng et al., 2008; Kwok et al., 2018).

2.2. Definition and Characteristics of Joint Ventures

International construction joint ventures (ICJVs), widely recognized as a distinctive type of strategic partnership, execute intricate and extensive engineering projects. An ICJV is a short-term union of at least two legally independent construction firms (i.e., with separate headquarters) that pool complementary resources to pursue AEC (Architectural, Engineering, and Construction) projects. Research and practice proclaim the adoption of ICJVs as a promising opportunity with numerous potential advantages. A few of the benefits include lower risks and obstacles, enhanced capacity for the volume and type of work done, access to a global market and low-cost production factor, and overcoming environmental shortcomings. Despite prior evidence of many advantages and successful implementations, the practice of international alliances is plagued by numerous risks and barriers (Albert P. C. Chan & Tetteh, 2020).

According to many writers, collaborative agreements involving numerous business organizations in various countries are known as international alliances. They can be managed as shared equity alliances (international joint ventures), which form a jointly owned entity, or as straightforward contractual alliances (international contractual alliances) (Lojacono et al., 2017).

According to early research on the internationalization of businesses, international joint ventures (IJVs) are a key tool for achieving product diversification and access to foreign markets. IJVs allow partner companies to share complementary resources that they might not be able to develop internally, giving them the opportunity to achieve financial and operational synergies. Because they allow the sharing of costs and risks associated with an uncertain global business environment, international joint ventures (IJVs) are widely acknowledged as the preferred mode of entry into emerging economies. It follows that the increasing body of research on the crucial role that IJVs play in helping businesses from emerging markets go global is not shocking. Since each party has its own agenda and seeks to implement its contributions while maintaining its parental identity, IJVs may incur high governance costs. Additionally, if the strategic alliance fails, the foreign partner may incur significant exit costs. The IJV may impose significant costs on both parties. Furthermore, both parties may tend to act opportunistically rather than cooperatively evolve in a way that benefits both of them when they are continuously exposed to competitive dynamics and environmental uncertainty (Wang et al., 2017; Kwok et al., 2018).

ICJVs typically directly benefit the partnering companies and the client organization. A joint venture agreement involves legally independent construction companies from various parts of the world acting on behalf of the partners. The contract outlines the project goal, schedule, management, and other details. Through a construction contract, a client does, in fact, join the venture system. Thus, ICJV is frequently referred to as a "project-based" or "complete and dissolve" kind of strategic alliance. In ICJVs, parties have joint and multiple liabilities for their contractual obligations to the client, according to the National Joint Consultation Committee for Building (1985). In addition to the challenges that surround the ICJV's relationship with a client and its organization, construction projects, host country laws, the environment, etc., ICJV is a complicated concept in and of itself. The main causes of complexity are the differences in how multiple parents are involved, their staff and needs, the control structures that can be used, their operational styles, and personal objectives. These differences lead to ambiguities in ICJVs, which can cause conflict, mistrust, unsatisfactory performance, and ultimately the venture's dissolution.

For small and medium-sized businesses (SMEs), the international joint venture (IJV) is a crucial tool for their internationalization. Internationalization, on the other hand, is a growth-oriented entrepreneurial tactic. One key tool for global expansion is the international joint venture (IJV), a type of strategic alliance. An increasing number of small and medium-sized businesses (SMEs) used this strategy to expand. International joint venturing has gained traction as a useful strategy for small- and medium-sized business internationalization, but little research has been done on its efficacy in the entrepreneurship literature. The performance of international joint ventures has been studied by scholars in the fields of strategy and international business, but they typically concentrate on ventures started by big companies (Batra & Dhir, 2019). Their findings might not apply to international joint ventures for SMEs because of the notable distinctions between smaller and larger businesses. When home country partners are large and have low equity ownership in the IJVs, the profitability of SMEs' international joint ventures may suffer. Some research findings suggest that when SMEs join forces with partners of a bigger size, there may be an imbalance in the bargaining power. On the other hand, international joint ventures, or IJVs, are becoming increasingly common within small and medium-sized businesses as a significant tool for global expansion. Despite the fact that there is a growing corpus of research on the results of international joint ventures, most of it has focused on SMEs' IJVs, which have received less attention than those formed by larger corporations. SMEs-established as IJVs may have different antecedents and outcomes than large firms' due to the notable distinctions between smaller and larger firms. Therefore, it is necessary to assess IJV performance within the framework of small and medium-sized businesses (Lu & Beamish, 2006).

International joint ventures (IJVs) are a common way for businesses to enter foreign markets because of growing global competition (Liu, 2024). In their article "Managing international joint ventures to improve performance: The role of structural and social mechanisms", Ali and other publishers explained how two or more independent businesses from different nations come together to pursue common strategic goals and thus create and manage equity-based joint ventures (IJVs). They both start from zero and acquiring a portion of an already-existing business's equity are viable options. IJVs provide a solution for a company's competitive issues, resource constraints, and rising investment costs, risks, and environmental uncertainties in foreign nations, in addition to economic advantages. However, despite the growing popularity of joint ventures as symbols of synergy and success, many potential benefits of IJVs do not lead to actual success (Ali et al., 2021).

Joint ventures in the building sector "JVs" are a common organizational structure that are frequently employed in international or large-scale projects. Even though joint ventures (JVs) are common in the construction industry today, we only partially comprehend what they entail. JVs can offer several immediate advantages, such as lower risk, better quality, lower costs, on-time completion, and less project-level labor (Ho et al., 2009). Additionally, many publishers see international joint ventures as multinational enterprises (MNEs) as a reliable and top-tier strategic possibility for entering and presenting in emerging markets. Access to a partner's complementary resources, which assist a local firm in navigating increasingly competitive markets and risky institutional environments, is a key justification for entering into IJVs. These resources are typically valuable and difficult to acquire in the market, which presents strategic chances to foster collaboration and obtain a competitive edge.During the post-formation stage, it is important to investigate whether and under what circumstances resource complementarity positively influences performance, particularly in the unique context of International Joint Ventures (IJVs), as noted by Jin and Wang (2021).

Even an identity-image view covered and described the joint venture as an emerging organizational structure worth mentioning in the cultural and creative sector. This phenomenon is mostly because of the unpredictability of public funding, the heightened competition in audience outreach, and the continuous pursuit of creative programming and new artistic content through cooperation. Understanding and managing these structural and economic factors is essential, but managing cultural joint ventures successfully also requires taking internal culture, identity, and brand image concerns into account. Some cultural joint ventures are essentially strategic alliances, which are defined as purposeful relationships between two or more independent organizations that involve the exchange, sharing, or co-development of resources or capabilities to achieve mutually relevant benefits, rather than formal mergers or acquisitions. In certain instances, artistic collaborations can be described as loosely coupled systems where the actors respond to one another, but the systems maintain their independence and unique identities (Johansson et al., 2022). Joint ventures, however, significantly impact brand identity and image, as well as organizational identity, regardless of the success of their organizational structure (Gensler et al., 2013). Moreover, various studies confirm that a joint venture is defined as a strategic alliance that has become prominent in discussions about globalization. However, due to their frequent instability and poor performance, ICJVs are known to fail often, which creates a need for more research to understand what factors lead to the success or failure of IJVs (Lu et al., 2020).

2.3. Key Theoretical Frameworks

2.3.1. Transaction Cost Theory

In the past, many researchers created an economic theory known as transaction cost theory (TCT). TCT has been extensively employed in studies on "entry mode choice," which includes selecting IJVs (Brouthers & Hennart, 2007). However, other research has expanded its use to examine how partners guarantee the management of IJVs following their formation (Ali & Larimo, 2016; Ali et al., 2021). TCT provides valuable information regarding how partners should set up their IJV to support efficient management since it assumes that opportunism is a natural component of IJV partnerships (Hennart & Zeng, 2005; Ali et al., 2021).

2.3.1.1. Interdependence

TCT states that partner companies contribute resources to IJVs, such as the IJV site, core technology, distribution channels, and skilled labor. Because they are specialized investments in an IJV, these assets are worth less outside of it. Choi and Lee (2020) assert that partners create symmetric dependence when they invest equally in specific assets. This study defined symmetry between the IJV partners as how much each partner contributes the same amount of specific assets to the IJV, following the ideas of Ali and Larimo (2016) and Ali et al. (2021). As to earlier studies, symmetric dependence prevents partners from acting opportunistically since, if the relationship ends too soon, both parties will forfeit the true value of their individual assets (Das & Rahman, 2009). To put it another way, symmetric dependence between IJV partners is a control mechanism that encourages cooperation by making it expensive for either partner to cheat in IJVs (Ali et al., 2021; Ali & Larimo, 2016). According to other researchers, such as Hennart and Zeng (2005) symmetric dependence is a real threat that increases IJV payoffs. Furthermore, Ali and Larimo (2017) argue that since the special assets used in an IJV work better than regular assets, the mutual reliance that develops between IJV partners enhances the performance of the IJV. According to other researchers (Dyer & Chu, 2011), symmetric dependence serves as a sign of shared commitment to the IJV's success and continuity while also lowering the partners' propensity for exploitation and encouraging goal congruence. Empirically, symmetric dependence in IJVs is positively correlated with IJV performance, as confirmed by Ali and many other publishers (Ali et al., 2021)

2.3.1.2. Equity share

An essential structural element that establishes how "strategic decision making," "risks," and "profits" are shared amongst IJV partners is the equity share held by each partner (Hsieh, et al., 2010; Liu, Vredenburg, & Steel, 2014). According to Luo (2009), the equity share of an IJV can be either symmetric (split 50/50) or asymmetric (majority-minority or vice versa). It has been shown that when IJV partners have an equal 50/50 share, it helps to lower conflicts between them, stops unfair actions, and boosts the performance of the IJV (Luo, 2009; Hsieh et al., 2010). As a result, partners stay dedicated and safeguard their major investments because of symmetric equity (Ali et al., 2021).

The minority partner, on the other hand, has lower potential risk, lower switching costs, and the ability to be more opportunistic in an asymmetric equity share because of the low stake (Hennart & Zeng, 2005; Liu et al., 2014). In contrast, Ali, among many other publishers (2021), stated that some publications view a majority equity stake and strong decision-making power as powerful incentives to push out a minority partner and advance their agenda. Asymmetric equity leads to disputes and opportunism in IJVs in both cases. Publishers believe that having equal equity between IJV partners will lead to better IJV performance because it is likely to result in fewer conflicts, less opportunism, more commitment to the IJV, shared decision-making, and profit sharing (Luo, 2009; Hsieh et al., 2010; Ali et al., 2021).

2.3.2. Resource-based View: Resource complementary

TCT claims that foreign companies enter IJVs with local companies to obtain complementary resources due to market failures in host countries, such as limited access to labor, components, raw materials, and knowledge (Hennart & Zeng, 2005). According to Hennart, resource complementarity in TCT means that each partner's resources to the IJV are unique and valuable, which encourages partners to establish an IJV.

According to earlier studies, resource complementarity is important in two respects. In the first place, it shows how mutually dependent each partner's resources are, making it challenging for one partner to run the IJV without the other. Complementary resources are important, according to several studies. For instance, Ali and Larimo (2016) associate it with reciprocal self-interest that eschews opportunism. Second, by promoting knowledge integration and reciprocal learning, resource complementarity aligns partners' incentives for joint value creation, enabling the IJV to function more effectively (Kwon, 2008). In fact, IJVs will end if both partners believe their resources are no longer complete, according to Lu, Wang (2021) and Nielsen (2007) provided empirical evidence saying that it is in the best interests of both parties to refrain from opportunism when the success of the IJV is contingent upon the partners' contributions of special resources. Consequently, many publishers find it reasonable to assume that resource complementarity reduces opportunism among IJV partners and aligns their incentives for collaborative value creation in the IJV, improving the IJV's performance (Ali et al., 2021).

2.3.3. Social Exchange Theory

In the article "Managing international joint ventures to improve performance: The role of structural and social mechanisms", Ali, among their colleagues, not only examined the TCE, but also conducted studies on social exchange theory of social mechanisms and IJV performance. Studies on inter-firm alliances, including IJVs, have made use of SET, which examines social behavior in terms of resource exchange. "Voluntary actions of individuals that are motivated by the returns they are expected to bring and typically do in fact bring from others" is how some publishers define social exchange. The strength of the relational ties forms the foundation of the theory. When voluntary exchanges (like IJV) are founded on solid interpersonal relationships, trust between the partners develops. According to earlier studies, three social mechanisms that are important for forging solid relationships are communication, trust, and cultural adaptation. These systems improve IJV performance and aid in managing relationships between partners. The following research (Ali et al., 2021) examines these social mechanisms in relation to IJV performance.

2.3.3.1. Trust

Inter-partner trust in IJV fosters the success of exchanges and is related to expectations or beliefs about the partner's dependability, justice, and goodwill (Dyer & Chu, 2011; Ali et al., 2021). A key tenet of the SET is considering the function of trust along these lines. By concurrently lowering cooperative costs and raising cooperative benefits, trust improves IJV performance (Katsikeas, & Bello, 2008; Robson et al., 2008). According to Robson et al. (2008), trust reduces cooperative costs that have a negative correlation with IJV performance. Since fairness, goodwill, and dependability among the partners lower transaction costs, trustworthy partners anticipate saving money on the cooperative costs associated with keeping an eye on each other's potential opportunistic behavior. Therefore, when cooperative costs related to keeping an eye on one another's behavior are decreased, IJV performance can be thought of as improving.

As mutual understanding grows, so does the frequency of interactions between partners. According to Jiang, Jiang, Cai, and Liu (2015), increased intimacy between partners strengthens attachment and commitment, which strengthens the relationship and helps IJVs succeed. Additionally, trust makes it easier to share knowledge, resources, and information, which lowers cooperative costs—a crucial component of successful IJV performance (Robson et al., 2008). As a result, several studies have connected positive performance and partner trust within IJVs (Silva et al., 2012).

2.3.3.2. Communication

One important social mechanism leading to the success of IJVs is communication between partners. According to Silva et al. (2012), but also Ali et al. (2021), it is described as "formal as well as informal sharing of meaningful and timely information between partners". The type of communication could be anything from sharing extra strategic information to exchanging operational information required to run the IJV. According to Silva et al. (2012), improved communication demonstrates the transparency of IJV partners and aligns their expectations and perceptions, while Khorassani, Al-Karaghouli, and Ayios (2011) claim that it allows partners to share knowledge in a reasonable amount of time. Additionally, it clears up misunderstandings and fixes issues between IJV partners, fosters strong relationships (Kwon, 2008), lowers transaction costs and opportunism, and equips partners to handle internal procedures and external market conditions more effectively (Ali & Larimo, 2016). According to another perspective in the literature on IJV, communication is a key factor in determining trust because it helps partners align their expectations and perceptions, minimize miscommunications, and promote close relationships, cooperation, and trust (Kwon, 2008; Ybarra & Turk, 2009; Silva et al., 2012; Ali & Khalid, 2017). Consequently, it has been discovered that improved communication between IJV partners is one of the most crucial elements in IJV success (Mohr & Puck, 2005; Kim & Parkhe, 2009). According to Ali, Larimo, and Nguyen's (2017) analysis of 89 Nordic IJVs with global operations, inter-partner communication improves IJV performance.

2.3.3.3. Cultural adaptation

IJVs are frequently created between businesses with radically different organizational or national cultural backgrounds. IJV partners' cultural differences are commonly cited as a primary source of miscommunications and disputes, a deficiency in information exchange and learning, opportunism, and ultimately subpar IJV performance (Bener & Glaister, 2010; Das & Rahman, 2010). According to SET, the success of an IJV hinges on the partners' ability to adjust to one another's culture through initiatives like intercultural awareness training courses and promoting casual communication.

According to many researchers, cultural adaptation is "a firm's awareness of cultural differences between it and its IJV partners and effectively dealing with and managing these cultural differences." SET encourages the IJV partners to implement intercultural awareness programs, adjust cultural norms, and foster casual relationships. But failing to adjust culturally with partners can result in miscommunications, arguments, a decrease in information exchange and learning, and opportunism. The objective is so that the partners can follow goal congruence, minimize opportunistic behavior, and have a clan-like environment and shared values thanks to cultural adaptation (Ali et al., 2021).

Publishers anticipate that cultural adaptation improves IJV performance because it fosters shared values, a clan-like atmosphere, resource sharing, activity coordination, goal congruence, and learning among IJV partners (Ali & Larimo, 2016).

3. Methodology

To assess and summarize the body of knowledge regarding the factors influencing businesses' choices to use international joint ventures (IJVs) as a market entry strategy, this study uses an integrative literature review (ILR) (Torraco, 2005). The ILR approach allows for combining different theories and research results to provide a complete view of what affects IJV decisions, unlike systematic reviews that follow strict rules and might limit the research focus. Without using primary data, this study critically evaluates and synthesizes the body of existing literature to identify the institutional, economic, and strategic factors that influence IJV entry decisions. This provides fresh perspectives on the challenges of global market expansion.
Guided by this approach, the study aims to answer the following research question:

" What are the determinants of choosing joint ventures as an international market entry strategy?"

The idea emerged after reading and analyzing "Factors affecting international construction joint ventures: a systematic literature review", written by Mershack O. Tetteh, Albert P. C. Chan, Amos Darko & Gabriel Nani (2020). To present noteworthy findings, other papers contributed to this paper; one of them is: "Impact of culture differences on performance of international construction joint ventures: the moderating role of conflict management", authored by Junying Liu, Zhipeng Cui, Yingbin Feng, Srinath Perera, Jie Han (2020). Furthermore, this scientific paper was based on various highly ranked research papers sourced from Google Scholar and the Scopus Database on a specific research question and followed a set protocol for conducting an integrative literature review. In addition, over 200 peer-reviewed journal articles published in the past two decades from different parts of the world – Europa, Asia and the USA-were examined in detail to support the proper replication of the different texts. Given the importance of this research question in a variety of economic settings, this study aims to add to and expand on the body of knowledge already available on IJVs.

3.1. Research Design: Integrative Literature Review

In contrast to a semi-structured review and other literature approaches, an integrative review seeks to evaluate and incorporate various viewpoints, frequently producing fresh theoretical understandings (Torraco, 2005). This method is frequently applied to both well-established and new subjects, offering a comprehensive summary of the corpus of current knowledge, critically

reevaluating earlier studies, and advancing theoretical understanding. Integrative reviews use a more adaptable and creative way to gather information, allowing them to include ideas from different fields and research methods, unlike systematic reviews, which follow strict rules for what to include.
Critically analyzing literature rather than just summarizing previous research is a crucial component of the integrative review. Instead of adhering to a rigidly standardized framework, the analysis process concentrates on locating important ideas, linkages, and theoretical advancements (Whittemore & Knafl, 2005). Transparency in the research process and sophisticated conceptual thinking are necessary for this (MacInnis, 2011). Finding the main concerns or methodological issues in the body of current literature is another objective. Cooper's taxonomy's perspective characteristic asks whether the author has adopted a neutral stance on the review and discussion of the literature or if they support a position or point of view that could sway those discussions (Torraco, 2016).
The integrative review must still follow accepted academic guidelines for methodology reporting, even with its flexibility (Torraco, 2005). To guarantee rigor and credibility, the article selection procedure needs to be well documented. Integrative reviews are especially useful when tackling broad, complex research questions that call for various viewpoints, even though systematic reviews provide the most thorough approach to gathering literature (Snyder, 2019).
The integrative literature review on flexicurity by Kornelakis (2014) offers substantial knowledge about this new topic, and readers hope to see the information combined into a model or framework that gives a new view on the subject, based on whether the review looks at a well-known or a growing topic and includes a detailed analysis of flexicurity (Torraco, 2005).

Defining the topic and goal of the review is the first step in structuring and writing the integrative literature review around a logical framework for presenting the review and its conclusions. The benefit of using a pre-established format to arrange their articles is not available to researchers of literature reviews since there is no standard format for them, unlike for sections of reports of empirical studies.The elements of literature reviews can be organized in a number of ways, such as by classifying studies according to the historical development of the field, methodological similarities among the reviewed studies, or similarities in the concepts or theories of interest (Torraco, 2016).
To guarantee a thorough grasp of the current body of knowledge and research gaps in the field, I first attempted to define a specific topic and research question as the author of this literature review. This first step was crucial for carrying out an exhaustive review and pinpointing important areas that need more investigation.
I organized the thesis to guarantee a logical and cohesive flow after deciding on the precise topic and research question. This included starting with the abstract, introduction, literature review, theoretical frameworks, methodology, and following sections.
Since this thesis is not primarily about reviewing studies based on various research methods, I decided not to use a methodological structure. Rather, a conceptual framework is more suitable because my research integrates various viewpoints, advances Torraco's (2005) integrative literature review methodology, and provides more flexibility in incorporating various theoretical insights.

Furthermore, rather than rigidly classifying research according to recurrent themes, a conceptual structure permits a more comprehensive synthesis of literature from various historical periods, making it superior to a thematic structure.

3.2. Data Collection and Selection Criteria

Even though there are several formats for integrative literature reviews, I follow accepted conventions when disclosing the study's methodology. This guarantees openness in the selection, analysis, synthesis, and presentation of literature. As was already mentioned, various databases, including Scopus, Web of Science, Google Scholar, and U: Search, were used to collect the data. The research question that guided the first search was: "What are the determinants of choosing joint ventures as international market entry strategy?"

However, the search strategy was expanded to include crucial terms like "joint ventures," "market entry of strategic alliances," and "advantages and disadvantages of joint ventures" as the number of pertinent sources decreased.

Articles published in the past twenty years have been included in the selection criteria, with a preference for highly ranked works with more than 200 citations. Only English-language books and journal articles were taken into consideration due to the exclusion criteria, which were centered on language and quality; academic papers from specific schools and sources with low rankings were not included. This thesis includes a literature section that lists over 200 publications discovered during the screening process.

3.3. Data Synthesis Approach

The main concepts and claims made in the literature are carefully considered through a critical lens in this study's data synthesis, which employs a critical analysis methodology. This critical evaluation aims to assess how well the topic of international joint ventures (IJVs) as a market entry strategy is represented in the existing literature. To determine the advantages and disadvantages of the current research, this process entails breaking down each work of literature into its most fundamental components.

Finding holes or contradictions in the literature, such as underrepresented or missing facets of the subject, is a key component of the critique. Contradictions between different publications are also emphasized, and topics that require additional research or new information are noted. This critique also highlights areas where the connection between research and practice is still ambiguous or inconsistent, given recent advancements in IJV research.

The outcome of the integrative literature review is a conceptual matrix highlighting the key terms that were found in the literature review to address the research question.

A conceptual framework, which provides an organized method of comprehending the connections among the different elements impacting IJV choices, is used to present the synthesis of new information gleaned from the review. A better grasp of the main factors at work is made possible by this framework, which serves as a visual representation of how the current literature incorporates these various viewpoints. Following Torraco's (2005) methodology, the literature is synthesized using conceptual clarity and logical reasoning, substituting a structured framework that expresses the relationships and dynamics found in the reviewed literature for traditional data analysis. In addition to aiding in the reformulation of current knowledge, this review highlights areas that require additional research by critically analyzing and integrating concepts.

By rethinking the subject, revealing fresh connections, and drawing attention to unsolved problems, a strong integrative review can inspire further study. Recognizing that the literature is ambiguous or contradictory in some areas may prevent us from reaching conclusive conclusions. To provide a clear research agenda for upcoming studies on the subject, this review will specifically highlight the gaps and open questions that need more investigation.

4. Determinants of Choosing Joint Ventures as an Entry Strategy

International joint ventures (IJVs) have become a favored strategy for companies looking to expand into foreign markets. While earlier research has identified various factors that influence this strategic choice, scholars have not yet reached an agreement on which elements are the most crucial. Many studies indicate that companies pursue IJVs mainly to access new markets and leverage local expertise, particularly in countries where regulatory restrictions hinder full foreign ownership (Nielsen, 2007; Bener and Glaister, 2010). Conversely, some researchers contend that risk-sharing and cost reduction are equally important considerations, especially in industries that require substantial capital investments (Krishnan, Martin, and Noorder Haven, 2006).

The literature centrally debates whether strategic complementarity or institutional necessity primarily drives international joint ventures (IJVs). Some scholars emphasize the importance of resource complementarity, arguing that firms collaborate to combine their technological, managerial, and financial assets to gain a competitive edge (Ali et al., 2021b). This viewpoint aligns with transaction cost theory, which posits that companies enter joint ventures to reduce operational uncertainties and enhance efficiency (Ren et al., 2009). On the other hand, some researchers point to institutional and regulatory pressures, especially in emerging markets, where foreign firms are often required to partner with local companies to adhere to government regulations (Nielsen, 2007).

Despite the various motivations for establishing International Joint Ventures (IJVs), they encounter a range of challenges. While cultural and managerial differences are often cited as significant risks, recent studies indicate that fluctuations in ownership and contractual arrangements do not automatically equate to failure (Ren et al., 2009). In fact, some companies intentionally adjust or withdraw from IJVs once they achieve their initial goals, prompting a reevaluation of traditional performance metrics (Ali et al., 2021b). This situation underscores the necessity for further research to deepen our understanding of how companies balance the trade-offs between strategic flexibility and long-term collaboration within IJVs.

In summary, the delicate relationship between strategic objectives and external constraints remains a topic of ongoing scholarly discussion, even though firms commonly accept market access, risk-sharing, and resource complementarity as reasons for pursuing IJVs.

4.1. Key Success Factors for Joint Venture Market Entry

When SMEs expand internationally, their foreign subsidiaries face three liabilities. Due to their lack of local knowledge, foreign subsidiaries may struggle to compete with local businesses that are familiar with the area. As recently established businesses in the local market, these foreign subsidiaries are responsible for the challenges that come with their newness. Since they are new businesses, they must address several issues, including funding, hiring employees, establishing credibility, obtaining connections with suppliers and buyers, and drawing in local clients. Smallness is their third liability. Small and medium-sized businesses, by definition, have limited resources and competencies. One potential solution to these three liabilities is to establish international joint ventures and utilize the resources of IJV partners (Stoian et al., 2017; Fornes & Cardoza, 2018).

Fornes and Cordoza (2018), in their study "Internationalization of Chinese SMEs: The perception of disadvantages of foreignness," has shown that small and medium businesses and their foreign subsidiaries can reduce one or all three of the liabilities and ultimately affect the performance of SMEs' international joint ventures by utilizing two types of resources: host country knowledge and size-based resources contributed by IJV partners.

These two researchers started their exploration by stating once again that when two or more businesses combine some of their resources to form a distinct jointly owned company, the result is a joint venture (Costa & Forte, 2022). Particularly among strategy and international business scholars, the growing significance of joint ventures as an internationalization tactic has prompted extensive research on the causes and effects of international joint ventures. Most of these studies have focused on international joint ventures created by large companies, omitting those made by small and medium enterprises (SMEs), which reflects the usual focus of strategy and international business research on big, global firms (Betra et al., 2021). It has been said and shown that small businesses and large businesses are quite different, so the research results about how partnership strategies affect the performance of international joint ventures created by large firms might not be relevant for those created by small and medium enterprises (Knight & Cavusgil, 2004).

The significance of a company's resource endowments is emphasized by the resource-based view of the firm (Lukovszki et al., 2021). Small and medium-sized businesses have fewer managerial and financial resources than large corporations (Cavusgil & Knight, 2015). Additionally, founders typically own and run small and medium-sized businesses, while professionals run larger companies (Knight & Cavusgil, 2004). Decision-making in SMEs is therefore very centralized.

For small and medium-sized businesses, international joint ventures are particularly crucial to their internationalization process. Small and medium-sized businesses have fewer resources and capabilities than large corporations (Anderson & Eshima, 2013).

Small businesses are therefore vulnerable to the liability of smallness (Zhang & Li, 2006), which manifests itself in their inability to acquire and secure essential resources like capital and personnel as well as their susceptibility to changes in the environment (Bruneel et al., 2010). These drawbacks restrict small and medium-sized businesses' ability to grow in both domestic and foreign markets (Lu & Beamish, 2006). Significantly, inheriting the liability of smallness can have a negative impact on SMEs' subsidiaries in the future.

Since they are the offspring of SME parents, SMEs' subsidiaries are typically small and face the same limitations on their resources and capabilities as their parents. The liability of smallness increases the liabilities of foreignness (Baum & Silverman, 2004) and newness for SMEs' foreign subsidiaries.

The latter two risks are faced by foreign subsidiaries of all businesses, regardless of size, when the target markets are unfamiliar to the parent companies and when the investments are greenfield, meaning they create new subsidiaries rather than brownfield ones like acquisitions (Vahlne & Johanson, 2015). Due to the liability of foreignness, foreign subsidiaries are at a competitive disadvantage when compared to local businesses that have developed strong local ties and are familiar with the local environment. This issue affects all overseas subsidiaries, but small and medium-sized businesses may be more affected than larger corporations due to their lack of international market experience (Zaheer, 2017).

The operational difficulties that a startup faces, including funding, hiring, acquiring, and marketing, reflect the liability of novelty. More significantly, the liability of novelty brings up the question of legitimacy, which has an immediate impact on how to resolve each of the operational issues listed above. Establishing relationships with different stakeholders requires new entrants to put in more effort than incumbents. The time-consuming and costly legitimization process can significantly increase the difficulties faced by the new subsidiaries. Due to their inability to capitalize on their SME parents' public awareness, new subsidiaries of SMEs may find this process more challenging than those of larger, more recognizable companies (Navis & Glynn, 2011).

When it comes to international expansion, SMEs' overseas subsidiaries encounter greater resource limitations than those of large corporations. These resource limitations show up as three liabilities that put small and medium-sized businesses at a competitive disadvantage when competing with regional businesses and subsidiaries set up by larger corporations. By providing access to the resources of their IJV partners, small and medium-sized businesses can use international joint ventures as a significant tool to assist their overseas subsidiaries in overcoming these three liabilities (Stoian et al., 2017).

Financial capital, firm reputation, and local market knowledge are resources that SMEs are especially interested in when expanding internationally. The local market expertise of IJV partners can lessen the foreign liability that SMEs' overseas subsidiaries face (Zhang & Tansuhaj, 2007). The experience of IJV partners in the local markets determines their level of market knowledge. The reputation of IJV partners supports SMEs' overseas subsidiaries, reducing their newness-related liabilities (Baum & Silverman, 2004). The financial resources of IJV partners can help SMEs' overseas subsidiaries overcome their financial limitations and lower their smallness-related liabilities Lu & Beamish (2006). The size of IJV partners has a direct impact on their financial capital and reputation. In the sections that follow, I go over partners' host country expertise, an experience-based resource, partners' financial and reputational resources, two size-based resources, and their performance implications for SMEs' international joint ventures.

4.1.1. Partners' host country knowledge

Knowledge of the host countries is a crucial asset for the success of SMEs' foreign subsidiaries, as was previously mentioned. According to Johanson and Vahnle (2015), small and medium-sized enterprises can acquire local knowledge and develop new organizational capabilities by progressively gaining experience in new markets. But this hands-on learning method takes a lot of time and can result in mistakes. According to Zhou, Wu, and Luo (2007), these mistakes, along with their vulnerability because of their small size, can endanger the survival of SMEs' parent companies as well as their overseas subsidiaries. Although previous research highlights the gradual learning process, there is still a dearth of empirical studies on the precise tactics SMEs can use to reduce these risks in quickly evolving markets. SMEs can use their IJV partners' local knowledge base to accelerate learning and minimize mistakes.

The main source of local knowledge is a local (host-country) partner, rather than home-country partners (Stoian et al., 2017). Client preferences, regional rivals, and local networks are just a few of the aspects of the host country environment that local partners usually have extensive knowledge of. When there are changes in the local environment, they can quickly notify the international joint venture (IJV). Few studies have systematically examined how small and medium-sized enterprises (SMEs) can effectively utilize local knowledge to mitigate the challenges associated with foreignness, particularly in industries characterized by rapidly changing dynamics. To better understand how local knowledge affects SME performance in various markets and industries, more research is therefore required.

MEs can quickly overcome their lack of local knowledge and their foreignness liabilities by entering into an IJV with a local partner (Lu & Beamish, 2006). Research has indicated that using a local partner improves the performance of international joint ventures (Luo & Tung (2007). Nevertheless, little research has been done on how SMEs can gradually optimize the benefits of their local partners, especially when it comes to adjusting to constant changes in the environment and market volatility.

An additional important source of information about the host nation is home-country partners. Because they operate in the host country, home-country partners frequently have a thorough understanding of the local environment even though they are not locals (Luo & Tung, 2018). This process of experience gives foreign companies specific knowledge about local business networks and practices as well as broad insights into the political, social, economic, and cultural aspects of the investment locations. However, research on how effectively domestic partners compare to local partners in reducing the risks associated with foreignness is still lacking. More research is needed on how SMEs can maximize their internationalization strategies by balancing the contributions of both kinds of partners in various contexts.

In conclusion, understanding the host country is a vital asset for SMEs looking to expand internationally, especially when it comes to overcoming the risk of being perceived as foreign. IJV partners' local expertise is crucial for SMEs' success and adaptation in international markets. Although the literature highlights the advantages of local knowledge (Laufs & Schwens, 2014; Hånell, Nordman, & Sharma, 2018), there is limited understanding of how SMEs can effectively utilize this knowledge over time, especially in rapidly changing market sectors.

Furthermore, there is a dearth of research comparing the efficacy of home-country partners and local partners in mitigating the liability of foreignness, although home-country partners can offer invaluable experiential knowledge. This presents future studies the chance to investigate how SMEs can improve their competitiveness in international markets by balancing the contributions of both kinds of partners in various sectors and geographical areas.

4.1.2. Partner size

When it comes to international joint ventures (IJVs), the size of partner companies is crucial for small and medium-sized enterprises (SMEs). When entering international markets, SMEs often face multiple liabilities related to their status as small, new, and foreign entities. These liabilities can be alleviated through strategic alliances with bigger firms from the home country and the local host country, as such partnerships offer valuable experience both locally and internationally.

Due to their limited resources, small and medium-sized businesses are inherently more vulnerable to environmental pressures. The liability of smallness, as defined by Zhang and Li (2006), describes the heightened susceptibility of smaller firms to environmental selection due to resource limitations that impede their competitiveness against larger firms. Various operational challenges highlight this vulnerability, including issues with raising capital, recruiting and keeping staff, and adhering to legal obligations. These difficulties amplify the risks linked to small sizes. This conclusion is supported by Heller et al. (2025), who point out that there is a positive correlation between organizational mortality rates and the liability of smallness, highlighting the risks that SMEs encounter in international market navigation.

Besides the aspect of being small, SMEs confront the newness liability as well. According to Lu and Beamish (2004), this term refers to the doubts regarding the sustainability of startups. The fact that SMEs' international subsidiaries are typically less established and newer than those of larger corporations further intensifies this challenge. As stated by Baum and Silverman (2004), these subsidiaries find it more challenging than their larger counterparts to obtain local resources, establish networks, and achieve legitimacy in the local market. As a result, small and medium-sized enterprises face increased challenges in their efforts to penetrate and persist in overseas markets.

Partnerships with larger companies can help ease the liabilities linked to being small and new. Large firms' considerable resources and well-established reputations are crucial in reducing these risks for SMEs' overseas subsidiaries. Large corporations inherently have greater financial, managerial, and institutional resources, which SMEs can utilize to bridge the resource gaps that usually hinder their growth. SMEs can accelerate their expansion and improve the management of their international operations through partnerships with major corporations, offsetting the constraints they encounter because of their smaller scale (Rothkegel et al., 2006). Moreover, small and medium-sized enterprises can accelerate their process of acquiring legitimacy in the host country through alliances with major corporations. As per institutional theory, for an organization to survive and thrive, it must achieve legitimacy in a foreign market. Vahlne and Johanson (2015) assert that the perceived size, success, and stability of large companies strongly influence their legitimacy. SMEs can enhance their visibility and credibility in the host country by partnering with a large, reputable organization. This association facilitates the attraction of local resources and the formation of business networks with suppliers and customers. For SMEs, the role of legitimacy is especially crucial, given that they frequently encounter difficulties in establishing trust and obtaining partnerships in a new environment (Oparaocha, 2015).

Research has consistently demonstrated that the participation of major corporations in international joint ventures bolsters the legitimacy and long-term viability of SMEs' foreign subsidiaries. As an example, Ivana Ruffo (2020) pointed out how contend that SMEs' perceived legitimacy is bolstered by their business connections with larger companies, a factor that can be vital for surmounting the liabilities associated with being small and new. Furthermore, the involvement of a sizable partner diminishes the time SMEs need to secure their foothold in the local market, as the reputations and connections of large firms grant instant access to vital local players.

While the literature highlights the benefits of large partners in mitigating the risks associated with smallness and novelty for SMEs, it still needs to address several gaps. First, while most studies examine the general function of large companies in IJVs, specific types of resources—like managerial expertise or local market knowledge—that SMEs acquire from various partners have received less focus. Future research could investigate the variation of these resources across different industries or geographic areas and their impact on the success of SMEs in foreign markets.

Furthermore, although the study underscores the benefits of working with major corporations, it offers scant understanding of how the dimensions and characteristics of the home country partner affect SMEs' IJVs success. For example, does the home country partner’s experience in the foreign market reduce the liabilities of foreignness to the same degree as a local partner’s knowledge of the host country? These inquiries have not yet been thoroughly examined, and they present possibilities for future investigation.

Additionally, the influence of institutional pressures and the impact of cognitive and sociological factors on the legitimacy of SMEs’ IJVs require more thorough examination. While Meschi (2009) provides a way to understand how institutions affect IJVs, more real-world research is needed to see how these institutional factors show up in SME partnerships, particularly in developing markets.

To sum up, although forming strategic alliances with bigger firms offers SMEs considerable advantages in addressing the challenges posed by smallness, newness, and foreignness, there are still multiple paths for additional investigation. As SMEs further their global expansion, grasping the dynamics of these partnerships and the resources exchanged will be essential for their success. Future studies should focus on the subtleties of these collaborations, particularly regarding the nature of resources provided by major partners and the institutional obstacles that SMEs encounter when entering new markets.

To investigate the elements that have a positive or negative effect on the success of international joint ventures (IJVs), it is essential to take into account various theoretical viewpoints and empirical research. A significant framework in the management of IJVs is the combination of Social Exchange Theory (SET) and Transaction Cost Economics (TCE), which both offer useful perspectives on the dynamics of joint venture success. A significant contribution in this field is the research conducted by Ali, Khalid, Shahzad, and Larimo (2016), which investigates how structural and social mechanisms can improve IJV performance. Their study shows that to lessen dishonest behaviour and promote joint ventures as a smart way to enter foreign markets, it's important to use both structural and social mechanisms together. This combined approach highlights that social factors—such as communication, trust, and adapting to different cultures—and structural factors—like equal reliance, sharing ownership, and complementary resources—are key for successfully managing international joint ventures (IJVs).

SET, centering on the relational traits of current partnerships, highlights interpartner trust, communication, and cultural adaptation as vital social mechanisms (Ali & Larimo, 2016). These elements of relationship-building are crucial for minimizing misinterpretations and improving collaboration among partners. Conversely, TCE emphasizes the significance of IJVs' structural design, pointing out that equity sharing, interpartner dependence, and resource complementarity are crucial for reducing transaction costs and promoting effective collaboration (Ali & Larimo, 2016). These structural mechanisms create a framework to ensure alignment between both partners regarding resources, equity, and mutual dependence, thus improving the effectiveness of the joint venture.

Although SET and TCE have each been used to comprehend IJV performance, only a limited number of studies have investigated the combined effect of both mechanisms on improving outcomes. Ali and Larimo (2016) as well as Ali & Khalid (2017) offer a groundbreaking strategy by proposing that IJV performance can be better understood through the integration of structural and relational perspectives. With this twofold strategy, the management mechanisms that can foster IJV success can be scrutinized in greater detail.

Most of the available studies on IJV management have concentrated on lowering opportunism. Foundational research has provided useful understanding of how structural and relational factors reduce risks and enhance collaboration among partners (Ali & Larimo, 2016). Still, we don't fully understand how these mechanisms interact and how that affects IJV success. While SET emphasizes the significance of trust and communication, and TCE centers on equity and dependence, the interaction among these components has not been adequately investigated. It is necessary to conduct additional studies to explore the interactions of these mechanisms and to determine if they differ based on the cultural context or the individual traits of the partners involved.

4.2. Governance and Structural Considerations in IJVs

The growing dependence on joint ventures (JVs) within the construction sector has brought about a range of managerial difficulties, especially related to governance and structural factors. The increasing complexity of projects, particularly in international markets where host countries may not have the required technology or capacity, exacerbates these challenges. Although it plays an essential role, the selection of an organizational governance structure—a factor that has a large effect on JV performance—has not been studied in detail very often. This section examines the decisions regarding organizational design made during the creation and implementation of joint ventures, along with the motivations for these decisions. The goal is to reveal how the choice of governance structures can facilitate more effective management of JVs.

JVs are especially important for large or complex projects because they enable the combination of complementary resources and expertise from various entities. However, managing these types of ventures is more complicated than managing standard projects due to the complex cross-organizational interfaces and interactions involved. It is difficult to coordinate tasks and control activities in these partnerships, and there is little literature that deals with these issues. Thus, grasping the traits of managerial control and coordination in JVs is crucial for achieving successful results and satisfying the goals of all parties involved (Ho et al., 2009).

To guarantee clarity and avoid confusion in this paper, it is essential to begin by defining the key terms and concepts that will be used to describe different governance structures in JVs. We will examine the ideas of "JVs" and "CJVs" (Contractual Joint Ventures), as well as the wider concept of management control. We will investigate two different governance structures for CJVs, based on their managerial control attributes, building upon these definitions.

In the field of construction, the term "joint ventures" (JVs) is applied broadly but can denote various kinds of partnerships. JVs can either involve establishing a new entity or refer to a contractual arrangement between partners. Ho et al. (2009) categorize joint ventures into two types: equity JVs and nonequity JVs. Equity JVs arise when two or more parties provide assets to create an independent legal entity. Unlike equity JVs, nonequity JVs are characterized by various contractual arrangements, including licensing, distribution, and supply agreements, as well as management and technical assistance contracts. It is essential to differentiate between equity and nonequity arrangements, particularly in terms of their contributions and ownership structures.

According to Sanjay (2015), ICJVs are formal agreements that allow contractors to pool resources, funds, and expertise during a particular project. While CJVs (Contractual Joint Ventures) usually do not result in the formation of a new legal entity, their financial and legal obligations among partners are often similar to those found in equity JVs. In construction, CJVs provide extra assurance to project owners since all partners share legal responsibility for the project's success or failure. In contrast to equity JVs, where partners are only liable for their contributions, partners in CJVs are responsible for the total equity of their parent companies. Compared to traditional equity joint ventures, this structure may provide project owners with more robust security (Ho et al., 2009).

Choosing the right governance structure for CJVs is essential for their success. Two distinct governance structures for CJVs are proposed by Tetteh and Chan (2019), Ho et al. (2009) and Lin and Ho (2012): jointly managed JVs (JMJs) and separately managed JVs (SMJs). In JMJs, all partners share profits, risks, and decisions, with JV officers usually making binding decisions for everyone involved (Lin & Ho, 2012). To guarantee smooth operations, it is essential to communicate frequently and coordinate closely across all levels. Conversely, in SMJs, the project is segmented into separate tasks, with each partner accountable for technical or financial components. In SMJs, partners make independent decisions about their tasks without needing formal approval from other partners. It may be challenging to integrate tasks with this division of labor.

Ho et al. (2009) proposed a contingency theory that, despite their unique models, suggests the choice of governance structure should be based on different contextual factors. The study did not provide empirical evidence to show whether structures based on contingency factors are superior to others. This raises the theoretical question of whether the choice of governance structure should be determined solely by these factors or if there is room for flexibility based on project needs and partner relationships.

Chen (2005) outlines three main approaches to entering international markets within the construction sector: strategic alliances, joint venture projects, and joint venture companies. These approaches correspond to the equity and nonequity categories of JVs. In the construction industry, Chen’s strategic alliances are more frequently referred to as “partnering,” which is usually linked with nonequity JVs. Ngowi (2007) underscores the importance of trust in determining the governance structure of construction alliances, making a distinction between “JVs” and “partnering.” The latter aligns with what Chen designates as CJVs.

The governance framework of JVs, encompassing the managerial control mechanisms established, significantly influences their performance and results. Yin and Zajac (2004) identify decision-making, coordination, and incentive mechanisms as essential elements of governance structures. Transaction Cost Economics (TCE) provides a valuable framework for comprehending governance decisions, categorizing JVs as either “market” or “hierarchical” structures depending on the relationship's nature and control mechanisms. In TCE, nonequity JVs are viewed as market-based structures, whereas equity JVs fall under the category of hierarchical structures.

According to Nguyen, Larimo, and Wang (2019) effective management of strategic resources in JVs necessitates selective control over critical activities. Simply having ownership is not enough to ensure control over the results of a joint venture. Control mechanisms may consist of strategic influence over crucial actions, technical know-how, or the ability to veto. According to Nguyen Le and Larimo (2009), there are three dimensions of control: the focus of control, the extent of control, and the mechanisms of control. Control in JVs usually concentrates on crucial activities or resources instead of trying to oversee the whole venture. The degree of control indicates how centralized decision-making processes are, and the methods of control can involve formal agreements, reporting structures, or governance entities such as the JV board of directors.

Various factors, such as the degree of trust, the type of partnership, and the necessity for control, impact the selection of governance structure in joint ventures, particularly in international markets. Careful consideration of the underlying governance framework is necessary for managing these partnerships, as structural choices affect task coordination, resource allocation, and overall project success. Moreover, the discussion concerning equity and nonequity JVs brings to light significant inquiries regarding which governance structures are best suited for various kinds of international market entry strategies in the construction sector.

4.2.1. Governance Structure of Market Joint Ventures (CJVs)

Service companies are increasingly utilizing non-equity modes for organizing their international operations and ventures. Non-equity modes, which do not require equity investment by a foreign entrant, offer flexibility and reduced risk for firms looking to enter foreign markets. However, the critical question for many service companies is not just whether to choose equity or non-equity modes, but how to decide between the various non-equity modes available for entering international markets. While previous research has looked at the overall choice between equity and non-equity entry modes for service and manufacturing companies, there is still a lack of solid theories and real-world evidence on how service firms choose among the different non-equity options (Dunning, 2009).

Companies venturing into international markets often employ joint ventures (JVs), particularly contractual joint ventures (CJVs), as a crucial non-equity strategy. A crucial factor influencing the selection of JVs is the governance structure, as it can significantly affect control mechanisms, risk-sharing arrangements, and the venture's overall success.

Building on the work of Dunning (2009) regarding control in JVs, researchers have turned their attention to the governance structures of CJVs, examining their complexity and the managerial control mechanisms involved. For businesses opting for a joint venture (JV) to penetrate international markets, the following aspects prove crucial: The company's desired extent of control over its operations in the foreign market significantly influences the decision regarding a JV structure. The governance structure of CJVs can vary, from more integrated models like jointly managed JVs (JMJ) to more independent ones such as separately managed JVs (SMJ). CJVs that involve shared control over decision-making, profits, and risks (JMJ) among partners can facilitate more direct coordination across the venture. This approach is advantageous when entering markets where tight integration and information exchange are essential. On the other hand, in markets that value local adjustments and flexibility, or where partners want more freedom in their operations, SMJs—where each partner has more say over their specific responsibilities—might be a better choice (Lin and Ho, 2012). Another factor influencing the decision to select a joint venture as an entry strategy is the level of trust and the cultural disparities between the partners. According to Ho et al. (2009a), greater levels of trust and similarity in corporate culture favour the adoption of more integrated governance structures (JMJ), where shared decision-making is easier. However, if cultural differences are substantial, companies might opt for a governance structure that permits greater autonomy and reduced coordination, like the SMJ structureIn order for a joint venture in international markets to be viable, it is crucial to trust the partner's ability and willingness to share resources, expertise, and risks. Other important aspects affecting the choice to establish a joint venture are the wish to learn and procure autonomy. Companies that are new to the market may aim to capitalize on the expertise and assets of local partners, which is one of the main advantages of establishing a joint venture. In a governance structure with more integration (JMJ) and centralized decision-making, partners can work closely together, allowing them to exchange knowledge, lower expenses, and obtain strategic insights from one another. In SMJs, where partners operate with greater independence, firms might not experience the same direct advantages from shared learning. However, they may achieve enhanced control over their procurement strategies.

Chrysostome and Molz (2014) emphasized that the decision to opt for JVs or alternative market entry methods can be affected by factors such as market size and geographic reach. For larger, well-established firms that have experience in international markets, non-equity modes like strategic alliances may be the preferred option. For companies that lack extensive international experience, however, JVs present a more secure entry approach, as they allow for the sharing of risks and responsibilities with local partners.

Regulatory constraints and political risks associated with those markets greatly influence the decision to enter a foreign market via a joint venture. Establishing a joint venture becomes essential rather than merely strategic in areas where local laws mandate foreign businesses to collaborate with domestic companies. This regulatory environment influences the governance structure by imposing specific requirements for decision-making authority, resource allocation, and operational responsibilities. When these regulatory requirements coincide with the need for shared management or the aim to restrict the foreign company's exposure to political risks, a JV structure may be favored.

The decision regarding the governance structure of a JV—namely, whether to adopt a jointly managed structure (JMJ) or a separately managed structure (SMJ)—depends on various factors mentioned earlier. The JMJ structure, which involves partners making decisions together and working closely, is typically chosen when the partners trust each other a lot, have similar company cultures, and need to coordinate closely in different market areas. On the other hand, SMJ structures are favoured when cultural differences are pronounced or when flexibility and independence in local operations management are required, as they allow each partner more control over their activities.

4.2.2. Governance Structure of Equity Joint Ventures

One of the most crucial choices that multinational enterprises (MNEs) must make when they opt to enter foreign markets is determining a suitable entry mode. Joint ventures (JVs), among the various options, often garner preference due to their ability to reduce risk, enhance control, and offer access to local resources and expertise. Nonetheless, various factors affect the choice of a joint venture, particularly an equity joint venture (EJV).

A major aspect is the extent of control that MNEs aim for in relation to the joint venture. Research indicates that greater equity ownership is usually associated with enhanced control over operational decisions, a factor that becomes particularly vital when entering culturally distant markets. Tihanyi et al. (2005) found that because of cultural differences, multinational enterprises (MNEs) often choose to invest in equity-based entry modes, as this affords them more control over their business activities and helps reduce costs and challenges related to sharing skills. Another important factor is the ownership structure of the JV. As stated by Beamish (2008), the equity share of partners in a joint venture dictates the distribution of strategic decisions, risks, and profits. According to Ali et al. (2021), ownership structures—whether symmetric or asymmetric—carry different governance implications, with the former commonly resulting in conflicts or imbalances regarding decision-making authority. Additionally, according to research by Steensma and Lyles (2000), ownership imbalances in joint ventures (JVs) formed in emerging markets can reduce survival prospects. In contrast, Brothers et at., (2007) found that in other situations, greater ownership stakes from foreign partners can improve performance.

Local partners play a vital role in joint ventures. When MNEs operate in international markets, especially those in emerging economies, they can benefit from local partners who offer essential insights into the market and assist in reducing risks linked to unknown settings. According to Buckley and Casson (2019), involving foreign partners in joint ventures frequently improves performance, especially in sectors like manufacturing that depend on knowledge transfer and local expertise.

In the context of international joint ventures (IJVs), ownership control significantly influences firms' strategies for entering the market. This issue is the focus of two main research streams: one investigates what the ideal level of equity control would be, while the other looks at how ownership structure relates to IJV performance. When companies confront significant appropriation risks concerning firm-specific assets, they usually opt for larger equity stakes, as these can reduce transaction costs associated with opportunism and asset misappropriation (Dunning & Lundan, 2008; Hennart, 2012). Recent research has validated that foreign investors, especially in emerging markets, frequently choose larger equity stakes in joint ventures to protect proprietary knowledge and technologies (Wan et al., 2023)

Although controlling equity is significant, it does not always directly determine success. Studies indicate that additional control mechanisms—like management rights and strategic influence—are also vital (Bowe et al., 2024; Ren et al., 2009). As an illustration, it is vital to choose partners and align strategic goals, as cultural differences and negotiation dynamics can affect how equity is distributed in a joint venture (Beamish & Lupton, 2009; Chen et al., 2010). To leverage local expertise while maintaining control through equity stakes, MNEs entering markets with high cultural distance may opt for joint ventures.

The second research stream investigates the connection between equity ownership and IJV performance. Some studies indicate that greater equity ownership results in improved performance because of increased control, while others contend that opportunism and asset specificity must be considered. Ali et al. (2021) point out that foreign investors in joint ventures might face significant risks from local partners acting in their interest, which could weaken the joint venture and reduce the expected benefits of working together. Hence, the specificity of assets is crucial for establishing a suitable equity level. To ensure a joint venture's success, the degree of equity control must align well with the firm-specific assets that each partner contributes (Ali et al., 2021; Wan et al., 2023).

Regulatory environments and market conditions also influence the selection of joint ventures as an entry strategy. In nations characterized by intricate regulatory frameworks, joint ventures enable companies to distribute the risks and expenses associated with entering the market, while also capitalizing on the expertise of their local partner regarding the regulatory environment (Ahmad et al., 2017; Giachetti & Peprah, 2022). This highlights how vital local collaborations are for enabling market access, especially in areas characterized by strict foreign ownership limitations or significant market unpredictability.

4.3. Joint Venture Agreements and Legal Considerations

According to Buchel (2003) and Moskalev & Swensen (2007), firms have started to consider joint ventures (JVs) as a strategic option for sharing risks, utilizing complementary resources, and dealing with complex regulatory environments. Nonetheless, the success of JVs is heavily influenced by their legal and governance frameworks, which dictate control distribution, contractual commitments, and enforcement strategies. Although previous studies frequently focus on how equity is divided in JVs, grasping the legal aspects and contract frameworks is crucial for evaluating the feasibility of using them as an entry strategy (Wei, Liu, & Liu, 2005).

Governance structures play a crucial role in determining the terms of joint venture (JV) agreements by establishing decision-making authority, profit-sharing arrangements, and

methods for resolving conflicts. Recent research has built upon the foundational theory of property rights, highlighting that the best way to allocate control in JVs—be it through sole ownership or joint control—hinges on factors like the strategic value of assets and each partner's investment level. For example, a study conducted by Windsperger (2009) investigates how decision rights are allocated in international joint ventures, emphasizing the trade-offs involved between equity stakes and control distribution. Wang et al. (2017) also examine the impact of institutional environments on the structuring of JV agreements, which in turn affects governance mechanisms and contractual provisions. The contemporary studies highlight the intricate and context-dependent characteristics of governance structures (Nguyen et al., 2019).
According to Gattai and Natale (2013), JVs necessitate a control-flexibility equilibrium, especially in cross-border agreements due to the complexities introduced by differing business cultures and legal frameworks. When partners hold equal stakes, it is advisable to implement joint control mechanisms (like veto rights and shared decision-making authority) to reduce opportunistic behaviour. However, when contract enforceability is weak in a foreign market, sole ownership by one party may be preferred, as it allows the dominant partner to exert stronger control over strategic assets.
A key legal challenge in JV agreements is contract incompleteness, which occurs when unforeseen circumstances arise that the original contract does not explicitly cover. Nunn (2007) states that because legal enforceability differs greatly from one jurisdiction to another, it is challenging to create standardized JV agreements for international markets. Missing parts or unclear rules in contracts can lead to arguments and unfair actions, making it necessary for companies to give decision-making power to one party when the contract doesn't cover everything (Gattai & Natale, 2013). Furthermore, underdeveloped legal institutions can raise the costs of enforcing JV agreements, prompting companies to pursue other governance options like arbitration clauses and third-party mediation.
As knowledge and technology transfer are primary motivations for JVs, it is essential to establish effective contractual incentives that promote knowledge sharing among partners. However, misaligned incentives and concerns about intellectual property protection often hinder the sharing of knowledge (Kim et al., 2024). Chen & Chen (2020) investigated incentive models for knowledge sharing within Design-Build Joint Ventures (DBJVs) and discovered that:

1. Knowledge sharing reaches its highest levels, and optimal payoffs are achieved for both partners when centralized decision-making contracts (CDMCs) are utilized.
2. Compared to non-cost-sharing agreements, cost-sharing contracts (CSCs) greatly enhance resource commitment.
3. Knowledge sharing in joint ventures is more likely to be supported by leaders when they obtain a considerable portion of the total payoff from the venture.

The results imply that the design of contracts and incentive structures are essential for guaranteeing fair resource commitment and reducing risks linked to asymmetric information.
Legal factors in joint venture contracts are crucial for their effectiveness as a strategy for entering into international markets. Governance frameworks, contract enforceability, and incentive systems dictate the extent of control and collaboration among partners. Although joint control frameworks guarantee balanced decision-making, the need for stronger contractual

protection arises from weak legal institutions to reduce risks and improve enforceability. Effectively structured incentives for knowledge sharing can improve resource allocation and foster collaboration in the long run. Further investigation in the future should illuminate how legal environments affect JV performance and create frameworks for contract structuring in markets with high risk. By grasping these legal determinants, MNEs can enhance their JV agreements and fully leverage their strategic advantages (Chen & Chen, 2020; Choi et al., 2023).

Moreover, contracts play an essential role in establishing joint ventures, as they are vital for aligning partners' interests and guaranteeing the success of the venture. According to Velez-Calle, Sosa, & Large (2021), a contract serves not just to delineate rights and obligations but also functions as a means of reducing risks and regulating the conduct of the parties involved. Luo (2008) has recently identified critical elements contributing to strategic failures, including unequal commitment, shifting goals, and inadequate internal structures. Addressing these factors during the contracting phase illustrates the importance of the initial agreement in determining the future of the joint venture. To guarantee that both parties are aligned and to reduce potential conflicts, it is essential to carefully structure contracts with clear definitions of roles, responsibilities, and governance structures.

Recent research on flexible contract design highlights the strategic importance of contracts by advocating for an adaptive approach (Hart et al., 2019). This approach acknowledges the need for stability in long-term relationships while permitting flexibility for unforeseen circumstances. In the context of joint ventures, neoclassical contracts are frequently employed to reconcile the need for legal rigidity with that for relational flexibility. When companies venture into new markets, uncertainty and the possibility of shifts in the business landscape make adaptive strategies essential. Thus, this flexibility is crucial. For instance, a joint venture might necessitate "agreements to agree" clauses or dispute resolution mechanisms that enable partners to manage alterations in the external environment (Jin & Wang, 2024).

In addition to legal and contractual mechanisms, social and institutional factors are crucial in shaping the formation and success of IJVs, especially in developing countries. Kim et al. (2024) raise the importance of social issues, especially trust, in the failure of IJVs in less-developed countries (LDCs), noting that these factors often outweigh technical or financial concerns. In these markets, local partners often depend on interpersonal trust and informal relationships to guide their business decisions, rather than relying on formal contracts (Kowk et al., 2021). This dependence on social trust can pose difficulties for foreign partners, especially those from developed countries, who often favor more formal, contractual arrangements. Consequently, the characteristics of a country's business environment—trust's role in business relationships included—crucially influence the decision to adopt joint ventures as a market entry strategy.

The institutional environment, encompassing the legal and regulatory framework of the host country, significantly influences the selection of an entry mode. In countries where legal enforcement is weak, corruption is rampant, or the regulatory environment is complicated, firms may opt for joint ventures to share the risks linked to local governance challenges (Gaur & Lu, 2022). Some publishers, like Choi and Lee (2020), noted that the rules and conditions in a host country can shape how international joint venture contracts are set up, including adding protections against issues like corruption or unclear laws (Zhou & Poppo, 2010; Shou et al., 2016; Choi & Lee, 2020).In nations where corruption is widespread, partners might add particular stipulations to the contract to guarantee that the local partner adheres to the agreed terms and to reduce the risk of opportunistic actions. These clauses might include rules for resolving disputes, protecting intellectual property, and penalties for not meeting responsibilities—each of which helps create a stable working environment for the joint venture (Choi et al., 2021).

4.4. Resource Contributions and Resource Investment

The capacity of business investors to affect the companies in which they possess equity has been a persistent issue, especially in relation to the division of ownership and control in major corporations (Cloes et al., 2008). In the realm of International Joint Ventures (IJVs), partners provide various resources essential for success. According to Hitt, Ireland, & Sirmon (2011), resources in joint ventures can be categorized into two main types: equity (capital) resources and non-equity (non-capital) resources. Equity resources consist of tangible assets like financial capital, real estate, machinery, and infrastructure. In contrast, non-equity resources encompass intangible contributions such as managerial expertise, technological know-how, local market knowledge, and distribution networks (Liu, 2020). It is important to differentiate between these types of resources since both play a role in making JV operations more efficient and effective.
Joint venture investments can encompass various forms, such as human and physical capital (Gattai & Natale, 2013). Moreover, investments can be classified as either complementary or substitutable (Indepken & Tsang, 2005), and the characteristics of these investments have important consequences for the governance and performance of JVs.

4.4.1. Substitutes vs. Complements in Investment

Whether investments function as substitutes or complements is dictated by the nature of investment interdependence among joint venture partners. When the total investment in a venture is based solely on the aggregate contributions rather than their composition, investments are viewed as substitutes (Kim et al., 2011). The controlling partner invests under sole ownership until the marginal cost of investment aligns with its marginal benefit. In a joint-venture (JV) arrangement with shared control, both parties hold residual decision rights. This sharing can lead to a reduction in overall investment because of free-riding concerns. However, when investments work well together—meaning one party's contribution becomes more valuable because of the other's investment—sharing control can result in a larger overall benefit than if one party owned everything alone (Gattai & Natale, 2013).
This indicates that joint ventures are more prone to arise in sectors where success hinges on investments in complementary resources.

4.4.2. Human vs. Physical Capital Investment

Investment in both human and physical capital is necessary for joint ventures, and the governance structure of the JV affects these investment choices. Human capital investments, including skill development and knowledge sharing, require collaboration and joint participation from partners. The investing party can more easily control physical capital investments, such as infrastructure and equipment (Reuer et al., 2007). In structures of sole ownership, the partner who controls the structure invests mainly in physical capital, whereas the non-controlling party has limited motivation to contribute. In contrast, with joint control, both partners share decision-making authority, potentially leading to a more balanced investment structure. Research shows that joint ventures are more likely to happen in industries that require a lot of physical capital investment because companies want to share financial risks and combine resources (Gattai & Natale, 2013).

4.4.3. Specific vs. General Capital Investment

Whether the resources are specific or general capital also affects investment decisions in JVs. Specific capital investments are designed specifically for the joint venture but have limited value outside of it. In contrast, general capital investments retain their value even if the joint venture dissolves (Levy, 2023). The party with control is motivated to invest in both general and specific capital due to sole ownership, while the non-controlling party's investment is limited. Nevertheless, with joint control in place, investments in specific capital usually rise because neither partner can individually redirect these resources for external purposes. This effect discourages general capital investments while enhancing cooperation regarding venture-specific assets (Gattai & Natale, 2013). In sectors where capital investments are essential for gaining a competitive edge, joint control is thus more common.

Resource contributions and investment structures significantly influence the governance and success of joint ventures. The type of investments—whether they are substitutable or complementary, human or physical, specific or general—has an impact on the decision to choose sole ownership versus joint control. Joint control structures are generally more advantageous when investments are complementary, specific to the joint venture, or reliant on human capital (Gattai & Natale, 2013). On the other hand, sole ownership may be favored when investments can replace one another, depend greatly on physical capital, or are general in nature (Rosenkranz & Schmitz, 2004). It is crucial for companies contemplating JVs as a strategic means of entering international markets to comprehend these determinants (Wang & Nicholas, 2007; Brothers et al., 2008).

When establishing an IJV, it is crucial to consider the function of non-capital resources, including proprietary technology, intellectual property, and managerial expertise. These resources can become potent instruments of control, particularly when conveyed via formal contracts or agreements. As an example, when a parent company supplies proprietary technology to a local partner for joint control, it frequently incorporates specific contractual clauses to regulate the use of that technology, ensuring its protection and preventing leakage to other competitors (Bamford et al., 2022). Similarly, when a parent company provides globally recognized brand names, contractual stipulations often accompany the transaction, specifying who will manage and utilize the brand. This arrangement creates a governance framework, enabling the parent company to maintain control over the joint venture's use of the brand. Hence, these kinds of non-capital resources can be crucial in shaping the governance structure of an IJV and affecting the decision to enter a market via a joint venture.

Non-capital resources can still act as control sources, even when provided without a formal contract. For example, when a parent company imparts expertise or management systems to an IJV, its dependence on the provider's knowledge grants the parent a degree of control over resource utilization within the venture (Khan, Lew & Sinkovics, 2015). Furthermore, in developing or transitional economies where the local workforce may not possess the required expertise, transferring management knowledge might require sending personnel from the parent company to supervise the operations, thereby strengthening the parent's control over the venture (Alhamar, 2024). Consequently, the capability to convey essential know-how and the placement of crucial personnel in an IJV can serve as strategic factors influencing the choice to penetrate a new market through a joint venture.

Numerous factors regarding resource contributions, control mechanisms, contractual arrangements, trust, and institutional environments affect the decision to enter a foreign market via a joint venture. Non-capital resources, including managerial expertise and technology, can be essential for establishing control and influencing the decision to create an IJV. Additionally, how the IJV contract is set up—like if it includes options for flexibility and ways to manage control—is critical for shaping the partnership and lowering risks related to entering the market. Finally, social and institutional aspects—such as the degree of trust and the legal framework in the host country—are vital factors influencing the choice of a joint venture as a market entry strategy.

4.5. Board of Directors and Decision-Making Structures

The decision to pursue international markets via a joint venture (JV) is strategic and can be shaped by multiple factors, governance structures being one of them. Although there is an increasing amount of research on the role of boards of directors in corporate governance, the impact of board structures—especially CEO duality (where the CEO is also the board chair)—on firms' choices to pursue joint ventures as a market entry strategy has received limited focus (Cuypers et al., 2016). The importance of the board's function in international joint ventures (IJVs) as a vital control mechanism has been acknowledged in recent years. It aids in partner coordination, assists in resolving conflicts of interest related to objectives, and adjusts to unexpected difficulties. Nevertheless, the effects of CEO duality and board leadership on the creation and effectiveness of IJVs have not been investigated in studies (Li et al., 2024).

The governance structure of an IJV, including whether the CEO also serves as the board chair, has important consequences for decision-making and control. CEO duality can provide benefits like a unified command and streamlined decision-making, which are advantageous for effective coordination in a JV (Finkelstein et al., 2009). Nonetheless, duality has its disadvantages, especially regarding board oversight. Critics contend that having the CEO also act as chair of the board can create conflicts of interest, with the CEO potentially prioritizing one parent company's interests over the other's and putting JV's long-term success at risk (Li et al, 2024). According to agency theory, separating the roles of CEO and chair can improve board oversight, diminish principal-agent conflicts, and lead to better governance (Aquilera & Cuervo-Cazurra, 2009). On the other hand, stewardship theory advocates CEO duality, stressing that it bolsters the CEO's authority and allows for quick decision-making, particularly in the intricate and ever-changing context of IJVs (Peng et al., 2007).

The choice to implement CEO duality in joint ventures, which are inherently hybrid organizations, may hinge on several contextual elements. These include the number of partners in the international joint venture (IJV), the level of control the parent companies seek, and the intricacy of the involved international markets (Duplat et al., 2018). While CEO duality can provide some operational advantages, it may also impede the board's capacity to effectively govern the IJV, especially in situations where conflicts occur between the parent companies.

As noted by Ryall and Sampson (2009) and highlighted by Cupers et. A., (2016) governance mechanisms, such as board leadership structures, are essential for conflict resolution, opportunism reduction, and the efficient functioning of IJVs. These mechanisms may be either formal (such as contracts and financial reporting systems) or informal (such as relational norms and shared experiences). Nevertheless, governance mechanisms in IJVs need to tackle the unique challenges that come with cross-border partnerships, including variations in corporate cultures, regulatory environments, and local market conditions. Due to the exchange of intangible resources, incomplete knowledge, and the dynamic nature of collaboration, contracts in IJVs are often incomplete. This phenomenon makes governance mechanisms, including board leadership structures, even more essential for managing these partnerships (Xu et al., 2005).

Research indicates that IJV boards can serve as governance tools to address the shortcomings of formal contracts (Choi et al., 2020) The ability of the board to manage partner behavior, avert opportunism, and coordinate adaptations to unexpected changes can be affected by its leadership structure, whether it is unified or divided (Filatotchev et al., 2013).

The experience and social capital of board members is another crucial factor influencing the decision to enter a joint venture. It has been demonstrated that board interlocks, in which directors hold positions on several boards simultaneously, promote the exchange of information, resources, and expertise across companies (Mazzola, Perrone & Kamuriwo, 2016; Debellis & Pinelli, 2020). This process is especially crucial for small and medium-sized enterprises (SMEs), as they often endure resource limitations and a lack of international experience. Board interlocks provide access to valuable external resources, including industry expertise and networks, which can mitigate the liability of foreignness and enhance decision-making in international ventures (Kor & Sundaramurthy, 2009).

In the context of IJVs, board interlocks can aid in risk mitigation and facilitate internationalization by improving firms' access to local market knowledge and networks. For example, a parent company with several board interlocks may be better prepared to navigate the complexities of foreign markets, making the establishment of an IJV more appealing (Dobellis & Punelli, 2020). Furthermore, board interlocks can impact the decision-making process in IJVs by serving as a link between parent companies that have differing strategic goals and cultural approaches.

The decision to consider a joint venture as a market entry strategy can be heavily influenced by the composition of the IJV board and the experience and expertise of its members (Hsieh & Rodrigues, 2014). Research indicates that directors who have expertise in international business, joint ventures, or industries can provide advantageous recommendations to companies entering new markets (Lai & Chen, 2014). Their expertise can augment the process of making strategic decisions, assist in dealing with market intricacies, and boost the performance of the JV (Bjørnåli, et al., 2024). The board members' combined experience can aid in risk reduction and trust-building among partners, thus facilitating the negotiation and execution of an effective joint venture strategy.

The connection between the experience of directors and IJV performance, however, is inconsistent. When directors do not possess pertinent industry or international experience, the JV might encounter difficulties in adjusting to the local market or dealing with the intricacies of cross-border collaborations. Therefore, when determining if a joint venture is the most suitable entry mode, companies should consider the makeup and qualifications of their IJV boards (Hillman et al., 2007).

The ownership structure of an IJV significantly influences the decision to pursue a joint venture as a market entry strategy. When a few stakeholders hold most of the ownership in a joint venture, the interests of the parent companies align more closely, and oversight of the IJV's operations become more effective. Concentrated ownership enhances the JV's ability to monitor activities, align objectives, and make strategic decisions quickly (Dobellis & Punelli, 2020). Concentrated ownership enhances the JV's ability to monitor activities, align objectives, and make strategic decisions quickly (Dobellis & Punelli, 2020). Such circumstances can render the establishment of a joint venture as a market entry strategy less appealing.

Companies with concentrated ownership can also take better advantage of their board's influence when it comes to making crucial decisions regarding the IJV, including those related to resource allocation, business strategy, and profit distribution. This adds to the evidence for the notion that governance structures, such as ownership concentration and board composition, are significant factors in determining firms' entry mode decisions (Windsperger, et al., 2023).

To sum up, the choice to adopt a joint venture as a market entry strategy is shaped by various factors, such as the governance structure of the joint venture, the leadership roles on the board, the directors' experience, and the concentration of ownership. It has been indicated in literature that governance mechanisms—like CEO duality, board interlocks, and board composition—are of considerable importance for decision-making, control, and the success of IJVs (Windsperger, et al., 2023). As companies increasingly seek to enter international markets via joint ventures, comprehending the function of these governance structures will be essential for identifying the most effective and strategic methods for international expansion.

5. Factors Contributing to the Failure of Joint Venture Market Entry

International joint ventures (IJVs) serve as a common market entry strategy, especially for large-scale and complex projects. Even though they have the potential to succeed, IJVs frequently encounter serious challenges that may result in failure. Numerous studies have pointed out that the failure rate of International Collaborative Joint Ventures (ICJVs) is significantly greater than that of domestic ventures (Ozorhon et al., 2007a). This review brings together existing literature on the main factors that lead to the failure of IJVs, with an emphasis on management issues, operational challenges, and environmental risks. The goal is to offer a unified view of the reasons for failure and to pinpoint fields that require further investigation.

5.1. Organizational and Cultural Differences

Inter-organizational differences, especially those concerning management practices and organizational cultures, are one of the most referenced reasons for IJVs failing. Research has consistently demonstrated that variances in management styles, organizational culture, and decision-making processes among joint venture partners pose major obstacles to success (Gale & Luo, 2004; Ozorhon et al., 2008a). Cultural mismatches of this kind can lead to conflicting objectives, ineffective communication, and misunderstandings that ultimately obstruct cooperation.

According to Ozorhon et al. (2008a) and many others (Tetteh et al., 2021), there is a notable correlation between cultural differences and the success of ICJVs in Turkey, with varying cultural expectations leading to operational inefficiencies. Liu et al. (2020) also noted that such cultural clashes are a natural aspect of joint ventures. Such conflicts arise as problems of trust and compatibility, which frequently result in delays and frustrations. Ineffective management of cultural differences can result in misaligned goals and inadequate strategic direction. Such situations may ultimately result in the failure of international joint ventures (Liu et al., 2020). The organizational frameworks and cultural variances of the partner organizations are closely linked to the challenges of managing ICJVs. Decision-making and operational coordination are often complicated by the complexity of managing multiple organizations with differing cultures and goals, as emphasized by Girmscheid and Brockmann (2010). According to Ozorhon et al. (2008b), these complexities are intensified by the reality that partners are usually competitors or collaborators, and because ICJVs are project-specific, they must make rapid decisions under time constraints.

Such pressures can create considerable managerial challenges, as those responsible for decisions must navigate the tension between meeting the project's immediate objectives and adjusting to changes in project conditions. Furthermore, it is often noted that inflexible organizational frameworks that do not adjust to the dynamic character of IJV operations contribute to project failure (Drouin et al., 2009). Management issues were identified by Panibratov (2016) as a factor contributing to the underachievement of numerous Russian IJVs, especially when partners did not adapt to unexpected market shifts.

The literature lacks cross-industry comparisons of the impact of management structures on the success of ICJVs, despite the thorough documentation of these challenges. Some studies emphasize the significance of flexibility and adaptive management strategies, while others concentrate on how parent company involvement affects IJV management. Future studies could investigate these variations, looking into how the industry type or regional context affects the efficacy of ICJV management structures.

5.2. Lack of Expertise and Confidence

A further significant hurdle to the success of IJVs is the absence of both confidence and expertise among the contracting parties involved. Research indicates that the experience and management skills of the parties involved have a significant impact on the venture's success. Zhao et al. (2013) discovered that insufficient confidence among managers and a lack of knowledge regarding project management practices adversely affect the success of IJVs. This effect becomes especially clear when the project includes less experienced local partners or smaller firms. Gale and Luo (2004) recognized inexperience in overseeing large-scale projects and fear of legal consequences as major factors that obstruct the effective operation of the partnership.

In projects where the involved parties do not participate in thorough conversations about the project's goals, processes, and expectations, a lack of effective collaboration and coordination is frequently observed. This lack of clarity can lead to poor decisions and misaligned strategies, which can affect IJV performance (Shen & Cheung, 2018).

5.3. Insufficient Planning and Strategy Development

People often highlight insufficient planning and lack of strategic foresight as key factors contributing to the failure of IJVs. Insufficient planning in the initial stages of establishing the business can influence its success for an extended period Brothers et al. (2008). A lack of clarity about project objectives, budgeting, and risk management can lead to significant project overruns and delays.

According to Konara & Mohr (2023), a significant number of Sino-foreign joint ventures in China fail due to inadequate project planning and budgeting, which results in financial strain and operational delays. Without adequate foresight, the venture's limited resources and time constraints can result in serious issues. Lu et al. (2020) emphasizes the importance of effective planning, particularly during the preconception phase, to set realistic expectations and align the interests of all stakeholders.

5.4. Risk Management and External Environmental Factors

External political and market conditions can pose significant risks that contribute to the failure of IJVs. ICJVs frequently face a range of risks, including alterations in regulatory frameworks, market volatility, and political turmoil. These aspects can lead to uncertainties that affect the joint venture's capacity to meet its objectives. As noted by Razzaq et al. (2018) and Hwang et al. (2017), effective strategies for risk assessment and management are essential for reducing these challenges.

CJVs operating in intricate and dynamic settings are particularly vulnerable to external dangers, such as changes in the political climate and fluctuations in the economy. Morkunas et al. (2019) classify risks into three fundamental categories: external, project-related, and internal risks. To avoid failure, these must be managed effectively. ICJVs can be susceptible to potential financial losses and damage to their reputation in the absence of a well-structured risk management framework.

Hwang et al. (2017) delineate six primary categories of risk that hinder the success of ICJVs: political, legal, financial, management, project/technical, and market risks. Although these categories are useful, they often interact in complicated manners that increase the risks faced by ICJVs. As an illustration, political risks, encompassing the impact of governmental policies and regulations, are frequently linked to legal risks that stem from regulatory uncertainty or legal disputes (Ling & Hoi, 2006). The joint venture can be destabilized by these twofold pressures, particularly when the partners are from developing countries with less stable political systems (Hwang et al., 2017).

5.5. Political and Policy Risks

Political risks arise from the interference of foreign or host governments, which impacts the normal operations of the venture. As shown in a case study of an ICJV in Tunisia, these risks can become particularly severe when government policies change unpredictably or are inconsistent. The political instability of the Arab Spring caused major operational difficulties (Ben Mna, M. 2021). Such risks are especially challenging in regions marked by unstable political systems, such as authoritarian or socialist countries, where government policies can change abruptly, affecting the operational stability of the ICJV. It is important to mention that, despite the recognition of these risks, there is a lack of literature offering guidance on how ICJVs can reduce their exposure to political instability.

5.6. Legal Risks

The legal risks stemming from contract ambiguities or disputes over some terms have a considerable impact on ICJV failures. Inconsistent legal systems or disputes about the enforceability of contracts across different jurisdictions often exacerbate these risks. Some researchers emphasize the importance of having explicit contractual provisions to avert such conflicts, particularly in the context of international joint ventures. Even with legal safeguards established, however, problems like inadequate contract design, lack of sufficient documentation, and poor negotiation of terms continue to pose a risk to the success of ICJVs. Hanisch (2024) argues that variations in legal systems, especially when partners operate across jurisdictions with different enforcement mechanisms, can exacerbate these risks. Existing literature should further explore contractual flexibility, a significant subject that pertains to the ability to modify contracts considering evolving circumstances.

5.7. Financial Risks

The financial risks linked to ICJVs stem from elements like fluctuations in exchange rates, inflationary pressures, and difficulties regarding currency convertibility. These macroeconomic factors can have a considerable effect on the profitability of ICJVs, as demonstrated by the repercussions of the global financial crisis, which resulted in the failure of numerous joint ventures across various regions (Akunyumu, Fugar, & Adinyira, 2023). Although these risks are recognized, there has been little effort to include financial risk management strategies—such as hedging or flexible financial arrangements—into ICJVs to tackle these issues (Álvarez-Díez et al., 2016).

5.8. Market and Project Risks

Finally, market risks such as changes in demand and resource availability present serious challenges for ICJVs. As an illustration, the construction sector frequently encounters unanticipated cost escalations resulting from variable material costs or shortages of labor. These increases can cause delays or failures in projects (Ling & Hoi, 2006). Likewise, risks that are specific to the project—like technical failures, design errors, or equipment malfunctions—often result in interruptions of the venture's activities (Hwang et al., 2017). Although these risks are recognized, there has been little effort to include financial risk management strategies—such as hedging or flexible financial arrangements—into ICJVs to tackle these issues (Shi et al., 2014).

5.9. Lack of Understanding of IJV Fundamentals

Another major obstacle to success is the absence of practical understanding regarding the basic tenets of IJVs. Research indicates that failing to grasp essential operational and contractual elements frequently results in failure. As noted by Lu et al. (2020) the failure of the IJV involving Mwananchi Engineering and Contracting Company (MECCO) and Dutch Overseas

Construction Company (OCC) was linked to the local partner's lack of experience in managing joint ventures.

Many partners fail to adequately evaluate the operational requirements and governance frameworks that are essential for a successful International Joint Venture (IJV) (Lavikka et al., 2015). This unfamiliarity with the basic components of IJV operations, such as coordination, communication, and contractual arrangements, leads to poor project execution and failure to achieve desired outcomes.

5.10. Conflicts Among ICJV Entities

Due to the complexity of interorganizational relationships, conflicts often arise in International Collaborative Joint Ventures (ICJVs). Gale and Luo (2004) noted that all ICJVs involve conflict. This phenomenon is because the dynamics between the partnering entities—shaped by factors like opportunistic behavior, management styles, organizational cultures, and policies—often result in disputes. Solving such conflicts can be difficult, especially during the operational phase of the venture, and they may lead to partnership failure (Han et al., 2019). According to Han et al. (2019), these conflicts can also arise when partners have incongruent goals, especially because of differences in their perceptions of the benefits each company anticipates from the collaboration (Tetteh, 2022).

The involvement of French and British contractors in the Transmanche-Link (TML) project—contracted by Eurotunnel to create, construct, and set up a transport system—illustrates such challenges well. In this instance, interdependent tasks and conflicting objectives complicated the operation and extended its duration (Maemura et al., 2018). Although the ICJV agreement sets forth general objectives for the partners, opportunistic behavior from one or both of them frequently results in deviations from the agreement, causing disputes and risk failure.

Also, if the ICJV parties face outside competition, the venture's survival is less likely. According to Liang et al. (2019), competition that exists outside the formal agreement can complicate matters further, diminish trust among the parties involved, and raise the chances of a venture collapse. The problem of inequitable power distribution, like authority imbalances or unequal allocation of profits and losses—also arises as an essential element. When power is inequitably shared, disputes over contributions and resource distribution intensify, which can diminish effectiveness and even result in the venture's failure.

5.11. Local Partners and Knowledge Transfer

Although previous research has emphasized the significance of partner size and familiarity with the host country in mitigating the challenges of foreignness, outcomes have differed. The worth of a local partner may decrease over time as the foreign partner grows more acquainted with the local market. Although foreign companies initially depend on local partners to lessen their liability of foreignness, as they accumulate experience, their reliance on these partners for local insights may diminish (Zaheer, Schomaker, & Nachum, 2012; Aulakh, & Ma, 2024). The

evolving situation, in which the foreign partner acquires greater bargaining power than the local partner, could destabilize the joint venture and possibly result in its dissolution (Nakamura, 2005).
On the other hand, some studies highlight the educational opportunities provided by international joint ventures, particularly when it comes to comprehending the local market, culture, and consumer behaviour. In the initial phases of the joint venture, this learning is especially beneficial (Kim et al., 2021). However, if the learning objective is not met, the joint venture may become unstable as partners begin to rely less on one another, which could shorten the relationship's duration (Inkpen & Tsang, 2005; Luo & Rui, 2009) This demonstrates the tension between the short-term advantages of local expertise and the long-term dependence on the resources of the local partner, which are often connected to the partner's size.

Although the recent studies offer useful perspectives on the elements that lead to IJV failure, there are still several gaps in the literature. To begin with, there are insufficient comparative studies spanning various regions and sectors. While the effect of cultural and organizational differences on IJV failure is frequently studied in certain areas (such as China and Turkey), further comparative research is required to determine if these factors differ across various cultural and business contexts. Second, although risk management has been extensively studied, employing more systematic methods to measure risks in IJVs could enhance our understanding of how various types of risks impact project outcomes (Hsueh et al., 2007). Additionally, studying how trust between partners and negotiation processes function when forming IJVs could lead to a better understanding of what makes IJVs successful in the long run. Moreover, there has been little investigation into how technological innovation and digital tools might help address some of the operational difficulties encountered by IJVs, especially in the management of complex projects.

6. Comparison of Joint Ventures with Alternative Market Entry Strategies

It has been widely believed that the modes of entry into international business are closely linked to varying degrees of resource commitment, risk exposure, control, and profit return (Wan et al,2023). Prior studies have indicated that various factors related to the firm, industry, and country affect the selection of entry modes (Puck, Holtbrügge, & Mohr, 2009). Research has received considerable support for the notion that we can classify entry modes according to resource commitment, risk, and control levels. Scholars like Brouthers and Hennart (2007) have provided hierarchical frameworks to help comprehend these decisions.
The entry mode model proposed by Wan et al. (2023) embodies the notion that companies first choose between equity-based and non-equity-based options for entering. The two main categories are then broken down further: non-equity modes are split into export and contractual agreements, while equity modes consist of wholly owned operations and equity joint ventures (EJVs). This classification is based on earlier research by Slangen & Hennart (2008), who also pointed out the importance of distinguishing between these modes but expanded the study by

looking at how location-specific factors interact with a company's unique resources and strategies.
Puck et al. (2009) looked at how equity and non-equity entry modes are related and argued that managers often follow a structured approach, setting specific criteria for each level of decision-making. This approach rests on the notion that, although managers must consider various factors, only a limited number of critical ones should steer decisions at each level of the entry mode hierarchy. Elements like resource commitment, control, and risk are crucial to the decision-making process. Managers usually start by distinguishing between equity and non-equity modes, selecting a specific mode based on their need for an equity investment. Brouthers and Hennart (2007) elaborate on this argument by emphasizing that the distinction between equity and non-equity is crucial for determining a firm's level of investment, as well as the managerial control and risk it is prepared to accept.
In addition, the limited analytical capacities of managers make the hierarchical process appealing. Morschett et al. (2010) argue that managers often encounter complex decisions, but they can simplify the decision-making process by concentrating on a limited number of key variables at each level. By prioritizing essential factors such as risk, resource commitment, and control, this hierarchical approach helps break down the complexity of the decision-making process. It is crucial to note that the choice of different entry strategies—like greenfield investments rather than indirect export—often hinges on factors that vary according to context and differ markedly between strategies (Morschett et al., 2010).
Equity modes require considerable investments in foreign markets and continuous management of operations, as they involve a significant commitment of resources and local adaptation (Puck et al., 2009). As an example, equity joint ventures and wholly owned subsidiaries necessitate genuine investment, ongoing management, and strong communication with local organizations. Conversely, non-equity modes such as exporting or forming contractual agreements do not necessitate the establishment of a separate entity and offer greater flexibility regarding control and risk management (Morschett et al., 2015). It is important to recognize that while these factors help distinguish between general entry mode categories, they aren't as useful for comparing specific types of equity (like wholly owned subsidiaries versus joint ventures) or non-equity modes (like exporting versus contractual agreements) (Schellenberg et al., 2017).

6.1. JVs vs. Wholly Owned Subsidiaries

For multinational corporations (MNCs), it is a vital strategic consideration whether to choose joint ventures (IJVs) or wholly owned subsidiaries (WOS) for entering the market. A review of the literature from the last twenty years indicates several factors that affect this decision. These elements include the institutional and political contexts, transaction costs, control preferences, and strategic objectives. Grasping these determinants is essential for elucidating the reasons firms might favor joint ventures as a market entry strategy, especially in complex and emerging markets.
The institutional and political environment of the host country is a major factor influencing the decision between IJVs and WOS. In emerging markets or areas with political instability, multinational corporations (MNCs) frequently choose joint ventures over wholly owned

subsidiaries because joint ventures involve lower risk exposure, according to Chiao, Lo, and Yu (2010). In these contexts, joint ventures serve as a means of risk-sharing with local allies who have essential insights into the regulatory environment, cultural subtleties, and political intricacies. According to Lu and Beamish (2006), the local partner's knowledge of the market can greatly mitigate operational risks and facilitate a smoother entry into the market.

On the other hand, MNCs typically prefer wholly owned subsidiaries in stable institutional environments with predictable legal and regulatory frameworks. To retain complete control and bypass the challenges of managing a local partner, MNCs entering well-established markets with robust institutional backing may choose to establish a WOS. Consequently, in markets characterized by political stability and regulation, companies are more inclined to opt for wholly owned subsidiaries; otherwise, in environments marked by instability or uncertainty, joint ventures are preferred (Chiao Lo, & Yu, 2010; Vu M. Chien & Phan T. Tu, 2012).

A further essential aspect that affects the choice between IJVs and WOS is the balance between transaction costs and resource control. According to Buckley and Casson (2019), transaction cost theory proposes that firms must choose between the costs of managing an independent subsidiary and those of collaborating with a local partner in a joint venture. Joint ventures become appealing when transaction costs are elevated, as seen in markets characterized by uncertainty, lack of complete information, or a need for considerable local expertise. The sharing of operational duties with a local partner lessens the financial and managerial load on the MNC while also reducing entry risks (Wan et al., 2023).

On the other hand, wholly owned subsidiaries are a better fit when the MNC possesses strong internal capabilities, has a clear market understanding, and can manage operations independently and efficiently to reduce transaction costs (Mickelson & Evenstad, 2013). Nonetheless, establishing a wholly owned subsidiary usually entails greater financial investments and a higher level of resource commitment. As a result, when multinational corporations foresee high transaction costs or do not possess adequate market knowledge, they prefer joint ventures (Vu M. Chien & Phan T. Tu, 2012; Chiao Lo, & Yu, 2010).

Strategic objectives greatly influence the selection of joint ventures versus wholly owned subsidiaries. MNCs seeking to enter unfamiliar markets, especially regarding local consumer behavior, market structure, and cultural understanding, often opt for joint ventures as they offer a collaborative learning platform with local partners (Contractor et al., 2010). Through joint ventures, firms can access local expertise that is otherwise scarce in international markets. This learning opportunity holds value in emerging markets, where market conditions and consumer behaviors can vary greatly from those of the home country.

According to Chiao et al. (2010), MNCs can utilize the market intelligence of local partners to better tailor their products and services to local preferences. Additionally, working with a local partner allows MNCs to build brand awareness and trust more rapidly, which aids in smoother market entry. Conversely, wholly owned subsidiaries frequently restrict the firm's access to local knowledge and market insights, potentially hindering successful adaptation and learning.

Another factor influencing the decision regarding entry mode is the preference for control or flexibility. Wholly owned subsidiaries provide firms with complete control over operations, decision-making, and profits, which makes them attractive to companies seeking autonomy in their international operations. This control, however, entails greater financial investment and exposure to risks, particularly when entering complex or volatile markets.

As a result, joint ventures provide a middle ground between control and flexibility, which can be particularly advantageous in uncertain or high-risk markets. Companies might choose joint ventures when they desire a flexible strategy that enables collaboration with a local partner and reduces certain risks linked to entering the market. Therefore, joint ventures allow companies to share responsibilities and adapt more rapidly to changing market conditions without incurring the full cost and risk associated with a wholly owned subsidiary (Contractor et al., 2010).

To sum up, the choice between joint ventures and wholly owned subsidiaries as a market entry strategy is shaped by several crucial factors. This consideration encompasses the political and institutional context, costs of transactions, strategic learning prospects, and the company's inclination toward control rather than flexibility. The literature reviewed here suggests that joint ventures are frequently the favored entry mode for companies venturing into unfamiliar, unstable, or high-risk markets where local knowledge and risk-sharing are essential for success. While wholly owned subsidiaries provide greater control, they are usually preferred when market conditions are stable, the firm has adequate resources, and oversight is a priority. As a result, the decision to adopt a joint venture as a strategy for entering the market is frequently motivated by the desire to lower risk, obtain local knowledge, and distribute operational responsibilities. This makes it a favored choice in particular market contexts.

6.2. JVs vs. Franchising and Licensing

When contemplating entry into foreign markets, multinational corporations (MNCs) usually assess different entry strategies such as joint ventures (JVs), licensing arrangements, and franchising. Although all three strategies grant access to new markets, the decision of which to choose is influenced by several factors, including control, resource commitment, transaction costs, and market uncertainty. According to the literature, JVs are often favored over licensing and franchising because of their benefits in knowledge transfer, risk mitigation, and long-term strategic positioning (Petersen, Pedersen, & Lyles, 2008; Hennart & Slangen, 2015).

One of the main benefits of JVs compared to licensing and franchising is the level of control they provide for MNCs. Unlike licensing and franchising, which involve transferring a significant amount of operational autonomy and intellectual property to independent entities, joint ventures (JVs) enable firms to maintain considerable decision-making authority and oversight (Hennart & Slangen, 2015). This control is essential in sectors where quality assurance, brand image, and strategic alignment are vital considerations. Brouthers and Hennart (2007) conducted research that emphasizes the superior control mechanisms offered by joint ventures (JVs) compared to licensing and franchising, allowing companies to uphold standards and ensure brand integrity.

Moreover, although the resource commitments required for JVs are greater than those for licensing and franchising, they enable improved coordination of business strategies. Luo (2007) contends that JVs are especially advantageous in volatile environments, where direct managerial involvement is required to navigate market complexities. On the other hand, although licensing and franchising necessitate lesser initial investments, they frequently give rise to problems related to opportunistic behavior. In such cases, licensees or franchisees tend to favor immediate profits at the expense of long-term brand equity (Hennart, 2012; Meyer et al., 2009).

Another factor that favors joint ventures over licensing and franchising is their importance in knowledge transfer and market adaptation. According to Gaur et al. (2007), licensing and franchising agreements typically entail a limited exchange of knowledge because their primary focus is on the transfer of intellectual property rather than the promotion of comprehensive learning. Conversely, JVs encourage a vigorous interchange of knowledge among partners, which allows foreign companies to acquire essential understandings of local consumer behavior, regulatory demands, and business practices (Kim et al., 2024).

According to Morschett, Schramm-Klein, and Swoboda (2010), JVs provide a more embedded presence in foreign markets, enabling firms to create customized strategies instead of relying on the standardized operational models common to licensing and franchising. Especially in emerging markets, where consumer preferences and institutional frameworks are often changing, this adaptability is vital (Slangen & Hennart, 2008).

According to transaction cost theory, when choosing an entry mode, firms should assess the costs linked to monitoring and enforcing contractual agreements. Although JVs necessitate a considerable initial investment, they help reduce the risks linked to entering the market by distributing responsibilities among partners (Hajdini & Windsperger, 2020). On the other hand, licensing and franchising carry risks associated with the misappropriation of intellectual property, brand value dilution, and diminished control over strategic decisions (Brouthers & Hennart, 2007).

Puck, Holtbrügge, and Mohr (2009) also contend that in high-risk environments like politically or economically unstable markets, joint ventures (JVs) offer a more secure entry mode than licensing and franchising. MNCs can more effectively navigate regulatory challenges and build stronger stakeholder relationships by collaborating with a local entity.

When looking at the long term, JVs provide greater strategic advantages than licensing and franchising. Although licensing and franchising offer rapid entry into the market, they restrict firms' capacity to broaden their operations beyond what the agreement allows (Hennart & Slangen, 2015). On the contrary, JVs act as a basis for possible comprehensive market entry, enabling companies to raise their investment and convert into fully owned subsidiaries if they choose (Puck et al., 2009).

In addition, JVs provide firms with the opportunity to pursue further joint innovation, co-branding, and diversification within the host market. As noted by Barmeyer and Davoine (2019) the close collaboration fostered in JVs enhances cross-cultural competence and operational synergy, which are often lacking in licensing and franchising arrangements.

Licensing and franchising present lower-risk options for entering the market, but JVs offer more significant strategic benefits regarding control, market learning, risk mitigation, and long-term positioning. It is consistently emphasized in the literature that when companies aim to build a strong presence in foreign markets, especially those that require adaptation and direct management—joint ventures (JVs) are the better option. Considering these elements, MNCs that aspire to maintain a lasting market presence and achieve greater integration into local economies are more likely to reap benefits from JVs than from licensing or franchising approaches.

7. Discussion and Implications

7.1. Answer of the Research Question

This study was driven by the following research question: "*What are the determinants of choosing joint ventures as an international market entry strategy*?"

Strategic, organizational, partner-related, governance, and contextual factors are some of the many that influence the decision to use joint ventures (JVs) as a strategy for entering foreign markets. Strategically speaking, joint ventures (JVs) are frequently chosen to reduce the risks associated with internationalization, especially the liabilities of smallness, newness, and foreignness that impact SMEs (Lu & Beamish, 2006). Businesses can overcome resource constraints, share risks, and build credibility in high-risk or uncertain markets by establishing a joint venture (Tetteh et al., 2020). JVs provide more control over operations, brand integrity, and strategic alignment than alternatives like licensing and franchising. This is particularly advantageous in industries where quality and coordination are crucial (Hennart & Slangen, 2015; Brouthers & Hennart, 2007).

Partner-related factors are equally important. According to Baum and Silverman (2004) and Rothkegel et al. (2006), SMEs frequently lack the financial capital, managerial ability, and institutional legitimacy that come from their local or foreign partners' size, resource endowment, and reputation and partner knowledge. According to Johanson and Vahlne (2015) and Luo and Tung (2007), firms can better navigate host-country institutions, cultural dynamics, and consumer preferences by having access to local market expertise. Additionally, resource complementarity guarantees that both partners contribute valuable and frequently non-tradable assets like technology, distribution channels, or skilled labor (Ali et al., 2021). According to Zhang and Tansuhaj (2007), local partners provide market knowledge that speeds up adaptation and enhances overall IJV performance, while larger partners offer advantages in scale and reputation.

Structural and governance factors significantly influence the viability and efficacy of joint ventures. The alignment of partner interests and the ability to avoid conflicts are determined by decisions regarding equity contributions, board composition, contractual safeguards, and control mechanisms (Tihanyi et al., 2005; Ho et al., 2009). Symmetric dependence, in which partners make equal investments in particular venture-related assets, conveys commitment, curbs opportunistic behavior, and fortifies the partnership's longevity (Ali & Larimo, 2016; Ali et al., 2021). Businesses can retain strategic control and still gain from shared flexibility and collaboration when they have a well-balanced governance structure.

Social and relational factors, in addition to strategic and structural ones, greatly impact the success and sustainability of joint ventures. In addition to encouraging knowledge sharing and goal alignment, trust, honesty, and open communication lower the costs of collaboration and oversight (Beamish & Lupton, 2009; Robson et al., 2008; Silva et al., 2012). By encouraging shared values, learning, and easier coordination between diverse partners, cultural adaptation further improves collaboration (Ali & Larimo, 2016). Reducing opportunism, fostering commitment, and eventually enhancing IJV performance all depend on these relational dynamics.

Contextual and environmental factors heavily influence the decision to establish a joint venture. Due to cultural distance, political risk, and institutional instability, wholly owned subsidiaries sometimes become fewer appealing options for firms. As a result, companies tend to opt for joint ventures (JVs) to share risks and leverage the knowledge of local partners (Wei et al., 2005; Li et al., 2013). In markets characterized by volatility or lack of familiarity, JVs are especially advantageous due to the necessity of flexibility, resource sharing, and local expertise for achieving lasting success (Contractor, Kumar, & Kundu, 2010; Zhao et al., 2013).
Therefore, the factors that lead to the selection of joint ventures as a strategy for entering international markets include their capacity to mitigate risks, grant access to complementary resources from partners, balance governance and control, promote trust and cultural alignment, and manage intricate external conditions. JVs have become a favored entry mode for companies—particularly SMEs—aiming to create and maintain a competitive foothold in foreign markets by integrating strategic learning opportunities, risk-sharing mechanisms, and operational control.

Factors mentioned are depicted in Figure 1 showing how they interact with operational and structural determinants to influence joint venture strategies.

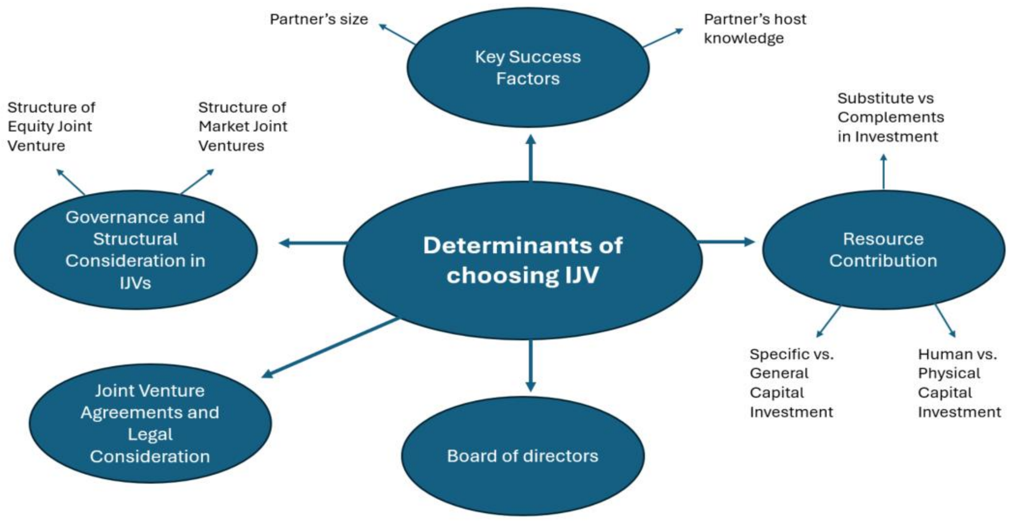

Figure 1: A visual presentation of key terms identified in the literature review, used to address the research question and explain the structure and the logic of this master's thesis.

7.2. Implications for Research and Practice

The study's conclusions have significant effects for scholars and professionals engaged in global trade and strategic partnerships:

Research Implications:

- The findings show that IJV entry decisions are complex, suggesting that future research should look at how different partner characteristics, governance systems, and context work together instead of just focusing on one factor.
- Given that sectoral challenges can change the weighting of various determinants, there is a chance to investigate industry-specific dynamics (such as manufacturing or construction) in greater detail.
- Researchers should create models to forecast IJV longevity and adaptability in unstable environments and look into failure factors like cultural conflicts or misaligned control expectations.

Practice Implications:

- Companies preparing to enter foreign markets through IJVs should thoroughly evaluate their partners, paying particular attention to resource balance, governance compatibility, and local expertise.
- To reduce risks, practitioners should focus more on legal protections and contractual clarity during the early stages of formation.
- IJVs can help SMEs fill capability gaps, but they must also consider the trade-offs between flexibility and control to make sure their strategic interests are safeguarded throughout the venture.
- In emerging markets where political and regulatory risks are high, it is especially important to be aware of institutional and cultural challenges.

This study offers a structured framework for comprehending why and how businesses choose IJVs by synthesizing more than 200 peer-reviewed articles. It also offers recommendations for making better-informed, evidence-based decisions regarding global expansion strategies.

7.3 Limitations

It is important to note the various limitations of this study on international joint ventures (IJVs) as a market entry strategy. First, the literature search may have been narrowed down by using complicated keyword combinations, which may have excluded pertinent studies that might have provided alternative viewpoints or insights into the factors influencing joint venture decisions. The dependence on keyword combinations may have unintentionally limited the extent of existing research, leading to a restricted comprehension of the wider framework of joint venture decision-making across different sectors and regions.

Second, the research findings' data mostly pertain to the Chinese market, which might not accurately represent the factors and dynamics of joint ventures in other areas. Although the Chinese market offers foreign businesses a distinct set of opportunities and challenges, it is important to understand that the variables affecting joint venture choices can differ greatly between nations because of variations in legal systems, market dynamics, and cultural norms. As a result, the findings might not apply fully to other developed or emerging markets.

Finally, a disproportionate amount of data in the literature tends to contradict rather than validate the desire to enter international markets through international joint ventures. This suggests that, despite the frequent praise for joint ventures' benefits, there are circumstances where the associated risks and challenges—such as control issues, cultural differences, and conflicts with partners—might surpass the advantages. The research currently available may therefore not adequately capture the intricacies and trade-offs that businesses encounter when selecting joint ventures as their method of market entry. This situation makes it more difficult to fully comprehend why some businesses choose joint ventures over alternative entry strategies.

8. Conclusion

The need for local market expertise, the partners' resource capacities, governance frameworks, legal frameworks, and the strategic objectives of the participating firms are some of the factors that affect the decision to use a joint venture (JV) as a market entry strategy. Through IJVs, SMEs can reduce risks, take advantage of local expertise, and obtain resources that might not be accessible through other market entry tactics (Wang et al., 2017). However, clear legal agreements, efficient resource management, effective governance structures, and partner alignment of interests are all necessary for IJV success (Wei, Liu, & Liu, 2005).

IJVs frequently fail due to cultural mismatches, a lack of experience, inadequate planning, and external risks, despite the potential benefits. Gale & Luo (2004) state that organizational and cultural differences frequently result in major challenges, and that partners' inexperience and lack of confidence can jeopardize the success of the joint venture (Zhao et al., 2013). Additionally, inadequate planning in the early phases can negatively affect the JV's longevity (Brothers et al., 2008), and outside risks like political unpredictability and regulatory changes can make the venture even more difficult (Razzaq et al., 2018).

Businesses looking to successfully execute this market entry strategy must comprehend these factors and address the difficulties involved in managing IJVs. Further investigation into the ways in which various factors interact to determine the success or failure of IJVs is crucial as research advances, especially in intricate industries like construction (Ho et al., 2009). To ensure the successful establishment and sustainability of international joint ventures, businesses must carefully evaluate these determinants considering their strategic goals and the unique market conditions they face.

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